

State of Arizona  
House of Representatives  
Forty-fifth Legislature  
Second Regular Session  
2002

CHAPTER 260

# HOUSE BILL 2099

AN ACT

AMENDING SECTIONS 5-522, 9-500.04, 28-737, 28-876, 28-2416, 41-803, 43-1086, 43-1086.02, 43-1174 AND 43-1174.02, ARIZONA REVISED STATUTES; TRANSFERRING AND RENUMBERING SECTIONS 41-1516, 41-1516.01 AND 41-1517, ARIZONA REVISED STATUTES, FOR PLACEMENT IN TITLE 49, CHAPTER 3, ARTICLE 1, ARIZONA REVISED STATUTES, AS SECTIONS 49-411, 49-412 AND 49-413, RESPECTIVELY; AMENDING SECTIONS 49-411 AND 49-413, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED BY THIS ACT; AMENDING SECTION 49-551, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 229, SECTION 2; REPEALING SECTION 49-551, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 371, SECTION 14; AMENDING LAWS 2001, CHAPTER 371, SECTION 25; AMENDING SECTION 49-474.01, ARIZONA REVISED STATUTES; AMENDING SECTION 49-543, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 324, SECTION 52; AMENDING SECTION 49-544, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 193, SECTION 580, CHAPTER 404, SECTION 4 AND CHAPTER 405, SECTION 36; REPEALING LAWS 2001, CHAPTER 371, SECTION 28; PROVIDING FOR THE DELAYED REPEAL OF SECTION 49-411, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED BY THIS ACT; RELATING TO AIR QUALITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-522, Arizona Revised Statutes, is amended to  
3 read:

4 5-522. Use of monies in state lottery fund

5 A. The monies in the state lottery fund shall be expended only for the  
6 following purposes and in the order provided:

7 1. For the expenses of the commission incurred in carrying out its  
8 powers and duties and in the operation of the lottery.

9 2. For payment to the commerce and economic development commission  
10 fund established by section 41-1505.10 of not less than twenty-one and  
11 one-half per cent of the revenues received from the sale of two special  
12 lottery games conducted for the benefit of economic development.

13 3. Except as provided in subsection F of this section, for payment to  
14 the local transportation assistance fund established by section 28-8101 of  
15 not less than twenty-nine per cent of the revenues received from the sale of  
16 multistate lottery games, up to a maximum of eighteen million dollars each  
17 fiscal year.

18 4. For payment to the Arizona clean air fund established by section  
19 ~~41-1516~~ 49-411 of not less than twenty-one and one-half per cent of the  
20 revenues received from the sale of any instant bingo games conducted by the  
21 state lottery and not less than twenty-nine per cent of the revenues received  
22 from the sale of any on-line three-number games conducted by the state  
23 lottery, up to a maximum of ten million dollars each fiscal year, except that  
24 if on or before June 1 of each fiscal year the state lottery director  
25 determines that monies available to the Arizona state parks board heritage  
26 fund under subsection D of this section may not equal ten million dollars in  
27 that fiscal year or that the monies available to the Arizona game and fish  
28 commission heritage fund under subsection D of this section may not equal ten  
29 million dollars in that fiscal year, or both, the director shall authorize  
30 deposits to the Arizona state parks board heritage fund in an amount so that  
31 the total monies in that fund in that fiscal year equal ten million dollars  
32 or to the Arizona game and fish commission heritage fund in an amount so that  
33 the total monies in that fund in that fiscal year equal ten million dollars,  
34 or both. The state lottery director shall not make any deposits pursuant to  
35 this paragraph until after the director's determination each fiscal year.

36 5. Of the monies remaining in the state lottery fund from the sale of  
37 instant bingo games and on-line three-number games each fiscal year, thirty  
38 per cent shall be allocated to the funds and programs described in subsection  
39 E of this section and seventy per cent shall be deposited in the local  
40 transportation assistance fund established by section 28-8101. The director  
41 shall not allocate more than the amount specified in subsection E of this  
42 section for each fiscal year to the funds and programs described in  
43 subsection E of this section from the state lottery fund pursuant to this  
44 paragraph and subsection E of this section. A maximum of eighteen million  
45 dollars may be deposited in the local transportation assistance fund each

1 fiscal year from the state lottery fund pursuant to this paragraph and  
2 paragraph 3 of this subsection.

3 B. Of the monies remaining in the state lottery fund after the  
4 appropriations authorized in subsection A of this section seventy-five per  
5 cent up to a maximum of twenty-three million dollars each fiscal year shall  
6 be deposited in the local transportation assistance fund established pursuant  
7 to section 28-8101 and twenty-five per cent up to a maximum of seven million  
8 six hundred fifty thousand dollars each fiscal year shall be deposited in the  
9 county assistance fund established pursuant to section 41-175. Monies  
10 distributed pursuant to this subsection shall be in addition to monies  
11 distributed pursuant to subsection A, paragraphs 3 and 5 of this section.

12 C. Notwithstanding subsection B of this section, if the state lottery  
13 director determines at the beginning of any fiscal year that monies available  
14 to cities, towns and counties under this section may not equal thirty million  
15 six hundred fifty thousand dollars, then the director shall not authorize  
16 deposits to the county assistance fund until the deposits to the local  
17 transportation assistance fund equal twenty-three million dollars.

18 D. Of the monies remaining in the state lottery fund each fiscal year  
19 after appropriations and deposits authorized in subsections A, B and C of  
20 this section, ten million dollars shall be deposited in the Arizona state  
21 parks board heritage fund established pursuant to section 41-502 and ten  
22 million dollars shall be deposited in the Arizona game and fish commission  
23 heritage fund established pursuant to section 17-297.

24 E. Of the monies remaining in the state lottery fund each fiscal year  
25 after appropriations and deposits authorized in subsections A, B, C and D of  
26 this section, and appropriations and deposits to the local transportation  
27 assistance fund authorized by this section, five million dollars shall be  
28 allocated to the department of economic security for the healthy  
29 families program established by section 8-701, four million dollars shall  
30 be allocated to the Arizona board of regents for the Arizona area health  
31 education system established by section 15-1643, three million dollars shall  
32 be allocated to the department of health services to fund the teenage  
33 pregnancy prevention programs established in Laws 1995, chapter 190, sections  
34 2 and 3, two million dollars shall be allocated to the department of health  
35 services for the health start program established by section 36-697, two  
36 million dollars shall be deposited in the disease control research fund  
37 established by section 36-274 and one million dollars shall be allocated to  
38 the department of health services for the federal women, infants and children  
39 food program. The allocations in this subsection shall be adjusted annually  
40 according to changes in the GDP price deflator as defined in section 41-563  
41 and the allocations are exempt from the provisions of section 35-190,  
42 relating to lapsing of appropriations. If there are not sufficient monies  
43 available pursuant to this subsection, the allocation of monies for each  
44 program shall be reduced on a pro rata basis.

1 F. Notwithstanding subsection A, paragraph 3 of this section, for  
2 fiscal years through fiscal year 1996-1997, if the state lottery director  
3 determines that monies available to the state general fund may not equal  
4 forty-five million dollars in a fiscal year, then the director shall not  
5 authorize deposits to the local transportation assistance fund pursuant to  
6 subsection A, paragraph 3 of this section until the deposits to the state  
7 general fund equal forty-five million dollars in a fiscal year.  
8 Notwithstanding subsection A, paragraph 3 of this section, for fiscal years  
9 beginning from and after June 30, 1997, if the state lottery director  
10 determines that monies available to the state general fund from the sale of  
11 multistate lottery games may not equal twenty-one million dollars in a fiscal  
12 year, then the director shall not authorize deposits to the local  
13 transportation assistance fund pursuant to subsection A, paragraph 3 of this  
14 section until the deposits to the state general fund from the sale of  
15 multistate lottery games equal twenty-one million dollars in a fiscal year.

16 G. All monies remaining in the state lottery fund after the  
17 appropriations and deposits authorized in this section shall be deposited in  
18 the state general fund.

19 H. Except for monies expended for prizes as provided in section 5-504,  
20 subsection H and section 41-1505.10, monies expended under subsection A of  
21 this section shall be subject to legislative appropriation.

22 Sec. 2. Section 9-500.04, Arizona Revised Statutes, is amended to  
23 read:

24 9-500.04. Air quality control; definitions

25 A. The governing body of a city or town in area A or B as defined in  
26 section 49-541 shall:

27 1. If the city has a population exceeding fifty thousand persons  
28 according to the 1995 special census, adjust the work hours of at least  
29 eighty-five per cent of municipal employees each year beginning October 1 and  
30 ending April 1 in order to reduce the level of carbon monoxide concentrations  
31 caused by vehicular travel.

32 2. In area A, in consultation with the designated metropolitan  
33 planning organization, synchronize traffic control signals on all existing  
34 and new roadways, within and across jurisdictional boundaries, which have a  
35 traffic flow exceeding fifteen thousand motor vehicles per day.

36 3. In area A, beginning on January 1, 2000, develop and implement  
37 plans to stabilize targeted unpaved roads, alleys and unpaved shoulders on  
38 targeted arterials. The plans shall address the performance goals, the  
39 criteria for targeting the roads, alleys and shoulders, a schedule for  
40 implementation, funding options and reporting requirements.

41 4. In area A acquire or utilize vacuum systems or other dust removal  
42 technology to reduce the particulates attributable to conventional crack  
43 sealing operations as existing equipment is retired.

44 5. In area B synchronize traffic control signals on all roadways which  
45 have a traffic flow exceeding fifteen thousand motor vehicles per day.

1 B. The governing body of a city or town in area B, as defined in  
2 section 49-541, may make and enforce ordinances to reduce or encourage the  
3 reduction of the commuter use of motor vehicles by employees of the city or  
4 town and employees whose place of employment is within the city or town.

5 C. Except as provided in subsection F of this section, the governing  
6 body of a city or town in area A, as defined in section 49-541, in a county  
7 with a population of more than one million two hundred thousand persons  
8 according to the most recent United States decennial census shall develop and  
9 implement a vehicle fleet plan for the purpose of encouraging and  
10 progressively increasing the use of alternative fuels and clean burning fuels  
11 in city or town owned vehicles. The plan shall include a timetable for  
12 increasing the use of alternative fuels and clean burning fuels in fleet  
13 vehicles either through purchase or conversion. At a minimum, the  
14 alternative fuel vehicles shall comply with any one of the following:

15 1. The United States environmental protection agency standards for low  
16 emission vehicles pursuant to 40 Code of Federal Regulations section  
17 88.104-94 or 88.105-94.

18 2. The vehicle engine is certified by the engine modifier to meet the  
19 addendum to memorandum 1-A of the United States environmental protection  
20 agency, as printed in the federal register, volume 62, number 207, October  
21 27, 1997, pages 55635 through 55637.

22 3. The vehicle engine is the subject of a waiver for that specific  
23 engine application from the United States environmental protection agency's  
24 addendum to memorandum 1-A requirements and that waiver is documented to the  
25 reasonable satisfaction of the department of commerce energy office.

26 D. The timetable shall reflect the following schedule and percentage  
27 of vehicles which operate on alternative fuels and clean burning fuels:

28 1. At least eighteen per cent of the total fleet by December 31, 1995.

29 2. At least twenty-five per cent of the total fleet by December 31,  
30 1996.

31 3. At least fifty per cent of the total fleet by December 31, 1998.

32 4. At least seventy-five per cent of the total fleet by December 31,  
33 2000 and each year thereafter.

34 E. The requirements of subsections C and D of this section may be  
35 waived on receipt of evidence acceptable to the city or town council that the  
36 city or town is unable to acquire or be provided equipment or refueling  
37 facilities necessary to operate vehicles using alternative fuels or clean  
38 burning fuels at a projected cost that is reasonably expected to result in  
39 net costs of no greater than ten per cent more than the net costs associated  
40 with the continued use of conventional gasoline or diesel fuels measured over  
41 the expected useful life of the equipment or facilities supplied.  
42 Applications for waivers shall be filed with the department of commerce  
43 energy office ENVIRONMENTAL QUALITY pursuant to section ~~41-1516.01~~  
44 49-412. An entity that receives a waiver pursuant to this section shall  
45 retrofit fleet heavy-duty diesel vehicles with a gross vehicle weight of

1 eight thousand five hundred pounds or more, that were manufactured in or  
2 before model year 1993 and that are the subject of the waiver with a  
3 technology that is effective at reducing particulate emissions at least  
4 twenty-five per cent or more and that has been approved by the United States  
5 environmental protection agency pursuant to the urban bus engine  
6 retrofit/rebuild program. The entity shall comply with the implementation  
7 schedule pursuant to section 49-555.

8 F. The plan prescribed by subsection C of this section shall include  
9 provisions for the use of alternative fuels and clean burning fuels in the  
10 bus fleet operated by that city or town or a regional planning transportation  
11 agency, except that all newly purchased buses shall be alternative fuel  
12 vehicles or utilize a diesel fuel substitute that qualifies as a clean  
13 burning fuel to satisfy the requirement for newly purchased buses. The bus  
14 fleet shall comply with the timetable prescribed by subsection D of this  
15 section, except that the requirements of subsections C and D of this section  
16 may be waived on receipt of certification supported by evidence acceptable  
17 to the department of environmental quality that the city or town is unable  
18 to acquire or be provided equipment or refueling facilities necessary to  
19 operate vehicles using alternative fuels at a projected cost that is  
20 reasonably expected to result in net costs of no greater than twenty per cent  
21 more than the net costs associated with the continued use of conventional  
22 gasoline or diesel fuels measured over the expected useful life of the  
23 equipment or facilities supplied.

24 G. Subsections C and D of this section do not apply to cities and  
25 towns that have a population of less than seven thousand five hundred persons  
26 according to the most recent United States decennial census and that lie  
27 outside area A as defined in section 49-541.

28 H. For the purpose of this section, "alternative fuel" and "clean  
29 burning fuel" have the same meaning prescribed in section 1-215.

30 Sec. 3. Section 28-737, Arizona Revised Statutes, is amended to read:

31 28-737. High occupancy vehicle lanes; civil penalty; fund;  
32 definition

33 A. Except as provided in section 28-2416 and subsection SUBSECTIONS  
34 B of this section and subsection C of this section, a person shall not drive  
35 a vehicle carrying fewer than two persons, including the driver, in a high  
36 occupancy vehicle lane at any time the use of the high occupancy vehicle lane  
37 is restricted to vehicles carrying two or more persons, including the driver.

38 B. If the department receives approval from the federal government  
39 allowing the use of high occupancy vehicle lanes by hybrid vehicles, a person  
40 may drive a hybrid vehicle with alternative fuel vehicle special plates, or  
41 an alternative fuel vehicle sticker, and a hybrid vehicle sticker issued  
42 pursuant to section 28-2416 in high occupancy vehicle lanes at any time,  
43 regardless of occupancy level, without penalty.

1 C. During the performance of a tow truck operator's duties, a tow  
2 truck operator may drive a tow truck in a high occupancy vehicle lane,  
3 regardless of occupancy level, without penalty.

4 D. A person who violates subsection A of this section is subject to  
5 a civil penalty of two hundred dollars.

6 E. Notwithstanding section 28-1554, one hundred dollars of each civil  
7 penalty collected pursuant to subsection D of this section shall be deposited  
8 in the Arizona clean air fund established by section ~~41-1516~~ 49-411 to  
9 provide grants to a regional planning agency in a county with a population  
10 of more than one million two hundred thousand persons for conversion of  
11 diesel fleets in the county to use alternative fuels or for acquisition of  
12 alternative fuel vehicles to replace diesel fleets in the county.

13 F. For the purposes of this section, "hybrid vehicle" means a  
14 factory-manufactured vehicle that satisfies all of the following:

15 1. Combines two or more power train technologies to produce a vehicle  
16 with significantly lower fuel consumption than the average of its class.

17 2. Exhibits the storage of kinetic energy by use of regenerative  
18 braking and batteries or capacitors, and the stored energy is used to assist  
19 or provide full acceleration of the vehicle.

20 3. Allows a portion of the energy to be supplied from an internal  
21 combustion engine or fuel cell for vehicle acceleration and to store  
22 electrical energy on board.

23 4. Obtains all energy required to operate from storage fuel tanks  
24 placed on board the vehicle.

25 5. Has been approved by the United States environmental protection  
26 agency as meeting, at a minimum, the United States environmental protection  
27 agency ultralow emission vehicle standard pursuant to 40 Code of Federal  
28 Regulations section 88.104-94.

29 Sec. 4. Section 28-876, Arizona Revised Statutes, is amended to read:  
30 28-876. Parking spaces for electric vehicles; civil penalty

31 A. A person shall not stop, stand or park a motor vehicle within any  
32 parking space specially designated for parking and fueling motor vehicles  
33 fueled by electricity unless the motor vehicle is powered by electricity and  
34 has been issued an alternative fuel vehicle special plate OR STICKER pursuant  
35 to section 28-2416.

36 B. If a law enforcement officer finds a motor vehicle in violation of  
37 this section, the law enforcement officer shall issue a complaint to the  
38 operator or other person in charge of the motor vehicle or, if an operator  
39 or other person is not present, to the registered owner of the motor vehicle  
40 for a civil traffic violation.

41 C. A person who is found responsible for a violation of this section  
42 is subject to a civil penalty of at least three hundred fifty dollars.  
43 Notwithstanding section 28-1554, the civil penalties collected pursuant to  
44 this subsection shall be deposited in the Arizona clean air fund established  
45 by section ~~41-1516~~ 49-411.

1       Sec. 5. Section 28-2416, Arizona Revised Statutes, is amended to read:  
2       28-2416. Alternative fuel vehicle special plates; stickers; use  
3       of high occupancy vehicle lanes; definitions

4       A. Beginning on April 1, 1997, a person who owns a motor vehicle that  
5       has either been converted or manufactured to use an alternative fuel and the  
6       alternative fuel was subject to the use fuel tax imposed pursuant to chapter  
7       16 of this title before April 1, 1997 shall apply for alternative fuel  
8       vehicle special plates pursuant to this section.

9       B. A person who owns a motor vehicle that is a hybrid vehicle may  
10      apply for alternative fuel vehicle special plates pursuant to this  
11      section. The department shall issue alternative fuel vehicle special plates,  
12      or an alternative fuel vehicle sticker as provided in subsection E of this  
13      section, and a hybrid vehicle sticker to a person who satisfies the  
14      requirements prescribed in subsection C of this section. The hybrid vehicle  
15      sticker shall be designed by the department and shall be placed on the motor  
16      vehicle as prescribed by the department.

17      C. The department shall issue alternative fuel vehicle special plates,  
18      or an alternative fuel vehicle sticker as provided in subsection E of this  
19      section, to a person who satisfies all of the following:

20      1. Owns a motor vehicle that is powered by an alternative fuel or that  
21      is a hybrid vehicle.

22      2. Provides proof as follows:

23      (a) For an original equipment manufactured alternative fuel vehicle  
24      or hybrid vehicle, the dealer who sells the motor vehicle shall provide to  
25      the department of transportation and the owner of the motor vehicle a  
26      certificate indicating:

27      (i) That the motor vehicle is powered by an alternative fuel or is a  
28      hybrid vehicle.

29      (ii) The emission classification of the motor vehicle as low,  
30      inherently low, ultralow or zero.

31      (b) For a converted motor vehicle or a motor vehicle that is assembled  
32      by the owner, the department of environmental quality or an agent of the  
33      department of environmental quality shall provide a certificate to the  
34      department of transportation and the owner of the motor vehicle indicating  
35      that the motor vehicle is powered by an alternative fuel or is a hybrid  
36      vehicle.

37      3. Pays an eight dollar special plate administrative fee, except that  
38      vehicles that are registered pursuant to section 28-2511 are exempt from that  
39      fee. The department shall deposit, pursuant to sections 35-146 and 35-147,  
40      all special plate administrative fees in the state highway fund established  
41      by section 28-6991.

42      D. The color and design of the alternative fuel vehicle special plates  
43      are subject to the approval of the department of commerce energy office. The  
44      director may allow a request for alternative fuel vehicle special plates to  
45      be combined with a request for personalized special plates. If the director



1 allows such a combination, the request shall be in a form prescribed by the  
2 director and is subject to the fees for the personalized special plates in  
3 addition to the fees required for alternative fuel vehicle special plates.  
4 Alternative fuel vehicle special plates are not transferable, except that if  
5 the director allows alternative fuel vehicle special plates to be  
6 personalized a person who is issued personalized alternative fuel vehicle  
7 special plates may transfer those plates to another alternative fuel vehicle  
8 for which the person is the registered owner or lessee.

9 E. If a motor vehicle qualifies pursuant to this section and any other  
10 special plates are issued pursuant to article 7, 8 or 13 of this chapter or  
11 section 28-2514 for the motor vehicle, the department may issue an  
12 alternative fuel vehicle sticker to the person who owns the motor vehicle.  
13 The alternative fuel vehicle sticker shall be diamond-shaped, shall indicate  
14 the type of alternative fuel used by the vehicle and shall be placed on the  
15 motor vehicle as prescribed by the department.

16 F. Except as provided in section 28-737, subsection B, a person may  
17 drive a motor vehicle with alternative fuel vehicle special plates or an  
18 alternative fuel vehicle sticker in high occupancy vehicle lanes at any time,  
19 regardless of occupancy level, without penalty.

20 G. A person shall not drive a motor vehicle in a high occupancy  
21 vehicle lane with an alternative fuel vehicle sticker if the motor vehicle  
22 is not an alternative fuel vehicle or a hybrid vehicle for which an  
23 alternative fuel vehicle sticker and a hybrid vehicle sticker have been  
24 issued pursuant to this section. A person who violates this subsection is  
25 subject to a civil penalty of three hundred fifty dollars. Notwithstanding  
26 section 28-1554, the civil penalty collected pursuant to this subsection  
27 shall be deposited in the Arizona clean air fund established by section  
28 ~~41-1516~~ 49-411.

29 H. The department shall mark high occupancy vehicle lane signs to  
30 indicate that those lanes may be used by alternative fuel vehicles regardless  
31 of the number of occupants. The design of the sign shall be the same as the  
32 design of the alternative fuel vehicle special plate, and the sign shall be  
33 at least as large as the high occupancy vehicle lane sign. These high  
34 occupancy vehicle lane signs are official traffic control devices. On  
35 highway exit signs the department shall also indicate access to alternative  
36 fuel vehicle fueling stations that are open to the public.

37 I. If the department publishes maps of the state highway system that  
38 are distributed to the general public, the department shall indicate on those  
39 maps the approximate location of alternative fuel delivery facilities that  
40 are open to the public.

41 J. For the purposes of this section:

42 1. "Alternative fuel" has the same meaning prescribed in section

43 § 1-215.

44 2. "Hybrid vehicle" has the same meaning prescribed in section 28-737.

1       Sec. 6. Section 41-803, Arizona Revised Statutes, is amended to read:  
2       41-803. Operation of state motor vehicle fleet; energy  
3               conservation; alternative and clean burning fuels;  
4               definitions

5       A. The director shall operate a motor vehicle fleet for all state  
6       owned motor vehicles for the purpose of providing transportation for state  
7       officers and employees, except those officers and employees of any agency or  
8       department excluded by subsection E of this section. The director shall make  
9       fleet motor vehicles available to state agencies and departments on the  
10      request of the chosen representative for that agency or department.

11      B. The director may adopt rules necessary for the administration of  
12      the motor vehicle fleet.

13      C. The director shall provide for detailed cost, operation,  
14      maintenance, mileage and custody records for each state owned vehicle. On  
15      or before August 1 of each year, all state agencies and departments,  
16      including those listed in subsection E of this section, shall make  
17      information available to the director regarding vehicle cost, operation,  
18      maintenance and mileage and other information as established by the director  
19      in policies and procedures for the purposes of the report prescribed in  
20      subsection R of this section.

21      D. Each state department and agency shall pay from available monies  
22      the cost of motor vehicle services received from the state motor vehicle  
23      fleet at a rate determined by the director.

24      E. The following departments and agencies are excluded from  
25      participation in the state motor vehicle fleet:

- 26          1. Department of public safety.
- 27          2. Department of transportation.
- 28          3. Department of economic security.
- 29          4. State department of corrections.
- 30          5. Universities and community colleges.
- 31          6. Arizona state schools for the deaf and the blind.

32      F. The director shall appoint a person in the office of the director  
33      who is the state motor vehicle fleet alternative fuel and clean burning fuel  
34      coordinator. The coordinator shall develop, implement, document, monitor and  
35      modify as necessary a statewide alternative fuels plan in consultation with  
36      all state agencies and departments that are subject to the alternative fuel  
37      and clean burning fuel requirements prescribed in this section or any other  
38      law. The approval of the coordinator is required for all acquisitions of  
39      vehicles pursuant to this section, except for acquisitions by community  
40      college districts.

41      G. Purchases of all new motor vehicles that primarily operate in  
42      counties with a population of more than two hundred fifty thousand persons  
43      and that have a gross vehicle weight of eight thousand five hundred pounds  
44      or less, including those agency motor vehicle fleets listed in subsection E  
45      of this section, shall meet the following minimum requirements for vehicles:

1           1. For model year 1997, ten per cent of new motor vehicles purchased  
2 shall be capable of operating on alternative fuels.

3           2. For model year 1998, fifteen per cent of new motor vehicles  
4 purchased shall be capable of operating on alternative fuels.

5           3. For model year 1999, twenty-five per cent of new motor vehicles  
6 purchased shall be capable of operating on alternative fuels.

7           4. For model year 2000, fifty per cent of new motor vehicles purchased  
8 shall be capable of operating on alternative fuels.

9           5. For model year 2001 and all subsequent model years, seventy-five  
10 per cent of new motor vehicles purchased shall be capable of operating on  
11 alternative fuels or clean burning fuels.

12           H. Purchases of new alternative fuel and clean burning fuel vehicles  
13 that have a gross vehicle weight of eight thousand five hundred pounds or  
14 less shall meet the following minimum requirements for vehicles that  
15 primarily operate in counties with a population of more than one million two  
16 hundred thousand persons:

17           1. For model year 2000, forty per cent of new alternative fuel and  
18 clean burning fuel vehicles purchased shall comply with the United States  
19 environmental protection agency standards for low emission vehicles pursuant  
20 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

21           2. For model year 2001, fifty per cent of new alternative fuel and  
22 clean burning fuel vehicles purchased shall comply with the United States  
23 environmental protection agency standards for low emission vehicles pursuant  
24 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

25           3. For model year 2002, sixty per cent of new alternative fuel and  
26 clean burning fuel vehicles purchased shall comply with the United States  
27 environmental protection agency standards for low emission vehicles pursuant  
28 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

29           4. For model year 2003, seventy per cent of new alternative fuel and  
30 clean burning fuel vehicles purchased shall comply with the United States  
31 environmental protection agency standards for low emission vehicles pursuant  
32 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

33           I. The coordinator may waive the requirements of subsection G of this  
34 section for any state agency on receipt of certification supported by  
35 evidence acceptable to the coordinator that:

36           1. The agency's vehicles will be operating primarily in an area in  
37 which neither the agency nor a supplier has established or can reasonably be  
38 expected to establish a central refueling station for alternative fuels or  
39 clean burning fuels.

40           2. The agency is unable to acquire or be provided equipment or  
41 refueling facilities necessary to operate vehicles using alternative fuels  
42 or clean burning fuels at a projected cost that is reasonably expected to  
43 result in net costs of no greater than thirty per cent more than the net  
44 costs associated with the continued use of traditional gasoline or diesel  
45 fuels measured over the expected useful life of the equipment or facilities

1 supplied. Applications for waivers shall be filed with the department of  
2 commerce energy office ENVIRONMENTAL QUALITY pursuant to section 41-1516.01  
3 49-412. An entity that receives a waiver pursuant to this section shall  
4 retrofit fleet heavy-duty diesel vehicles with a gross vehicle weight of  
5 eight thousand five hundred pounds or more that were manufactured in or  
6 before model year 1993 and that are the subject of the waiver with a  
7 technology that is effective at reducing particulate emissions at least  
8 twenty-five per cent or more and that has been approved by the United States  
9 environmental protection agency pursuant to the urban bus engine  
10 retrofit/rebuild program. The entity shall comply with the implementation  
11 schedule pursuant to section 49-555.

12 J. The department of administration, through the coordinator, may  
13 acquire or be provided equipment or refueling facilities necessary to operate  
14 such vehicles using alternative fuels or clean burning fuels:

- 15 1. By purchase or lease as authorized by law.
- 16 2. By gift or loan of the equipment or facilities.
- 17 3. By gift or loan of the equipment or facilities or any other  
18 arrangement pursuant to a service contract for the supply of alternative  
19 fuels or clean burning fuels.

20 K. The coordinator and the department of commerce energy office shall  
21 develop and implement a vehicle fleet energy conservation plan for the  
22 purposes of reducing vehicle fuel consumption and to encourage and  
23 progressively increase the use of alternative fuels and clean burning fuels  
24 in state owned vehicles. The plans shall include:

- 25 1. A timetable by which fleet vehicles shall be replaced with vehicles  
26 that have demonstrated high fuel economy estimates within their vehicle  
27 class.

- 28 2. A timetable for increasing the use of alternative fuels and clean  
29 burning fuels in fleet vehicles either through purchase or conversion. The  
30 timetable shall reflect the following schedule and percentage of vehicles  
31 which operate on alternative fuels or clean burning fuels:

32 (a) Not less than forty per cent of the total fleet by December 31,  
33 1995, except for community college districts. Community college districts  
34 shall comply by December 31, 2002.

35 (b) Not less than ninety per cent of the total fleet operating  
36 primarily in counties with populations exceeding one million two hundred  
37 thousand persons according to the most recent federal decennial census by  
38 December 31, 1997, except for community college districts. Community college  
39 districts shall comply by December 31, 2004.

- 40 3. Options for increasing, whenever possible, the use of vehicles that  
41 have the capability to use available alternative fuels or clean burning  
42 fuels, or vehicles that may be economically converted, if needed, for the use  
43 of alternative fuels or clean burning fuels.

- 44 4. Options for the use of demonstrated innovative technologies that  
45 promote energy conservation and reduced fuel consumption.

1           5. Methods that promote efficient trip planning and state vehicle use.  
2           6. Car pooling and van pooling for agency employees for commuting and  
3 job related travel.

4           L. The coordinator shall identify specific vehicle models within each  
5 vehicle class that would meet the demands of each state agency and that  
6 demonstrate a high degree of fuel economy. Vehicle classes and fuel economy  
7 comparisons shall be based on United States department of energy and United  
8 States environmental protection agency data pursuant to title 15 United  
9 States Code sections 2003 through 2006. For the use of an alcohol fueled  
10 vehicle, the state agency shall demonstrate to the director that the fuel for  
11 the vehicle is available within a ten mile radius of the primary home base  
12 of that vehicle.

13           M. Subsections G, H, I, J, K, L, N, O and P of this section do not  
14 apply to the purchase or lease of the following:

- 15           1. A vehicle to be used primarily for criminal law enforcement.  
16           2. A motorcycle.  
17           3. An all-terrain vehicle.  
18           4. An ambulance.  
19           5. A fire truck, a fire engine or any other fire suppression  
20 apparatus.

21           N. Any contract for conversion of vehicles to alternative fuels  
22 pursuant to this section shall be entered into by competitive sealed  
23 proposals pursuant to section 41-2534.

24           O. If everything else is equal, when contracting for vehicles to  
25 satisfy the requirements prescribed in this section, preference shall be  
26 given to vehicles with the lowest emissions levels.

27           P. The departments and agencies excluded from participation in the  
28 state motor vehicle fleet pursuant to subsection E of this section shall  
29 develop and implement a program for alternative fuels and clean burning fuels  
30 and fuel economy for their motor vehicle fleets substantially similar to the  
31 standards set forth in this section, and the program shall be submitted to  
32 the coordinator for review.

33           Q. All agencies, including those listed in subsection E of this  
34 section, shall comply with the plan developed and implemented by the  
35 coordinator pursuant to subsection F of this section.

36           R. On or before November 1 of each year, the director shall submit a  
37 report to the governor, the speaker of the house of representatives, the  
38 president of the senate, the governor's office of strategic planning and  
39 budgeting and the joint legislative budget committee concerning the use of  
40 alternative fuels and clean burning fuels in the state motor vehicle  
41 fleet. The report shall include at least the following:

- 42           1. The number of state fleet vehicles.  
43           2. The number of state fleet vehicles used primarily in Maricopa  
44 county.

1           3. The number of state fleet vehicles capable of using alternative  
2 fuels or clean burning fuels.

3           4. Progress on compliance with federal and state guidelines mandating  
4 the conversion of state fleet vehicles to alternatively fueled vehicles.

5           5. Alternative fuels and clean burning fuels usage data.

6           6. Information received from state agencies pursuant to subsection C  
7 of this section.

8           7. Information gathered from local offices of federal agencies  
9 regarding progress made toward implementing the federal mandates relating to  
10 the conversion of motor vehicle fleets to alternative fuels or clean burning  
11 fuels pursuant to subsection G of this section.

12           S. For the purposes of this section:

13           1. "Alternative fuels" has the same meaning prescribed in section  
14 1-215.

15           2. "Clean burning fuels" has the same meaning prescribed in section  
16 1-215.

17           3. "New motor vehicle" means an original equipment manufactured  
18 vehicle, a converted original equipment manufactured vehicle or an original  
19 equipment manufactured vehicle that will be converted.

20           Sec. 7. Section 43-1086, Arizona Revised Statutes, is amended to read:  
21 43-1086. Credit for alternative fuel vehicles; definitions

22           A. Except as provided in subsection L of this section, for taxable  
23 years ending on or before December 31, 2001, a credit against taxes imposed  
24 by this title is allowed to each taxpayer who applies for a grant pursuant  
25 to section ~~41-1516~~ 49-411 unless the vehicle is a neighborhood electric  
26 vehicle and who does any of the following:

27           1. Purchases or leases one or more new original equipment manufactured  
28 alternative fuel vehicles for use in this state.

29           2. Incurs expenses during the taxable year for converting one or more  
30 conventionally fueled vehicles for use in this state to operate on an  
31 alternative fuel.

32           3. On or before June 30, 2000, purchases or leases, for a period of  
33 at least one year, one or more used alternative fuel vehicles for use in this  
34 state, except that a tax credit is not allowed pursuant to this section for  
35 the purchase or lease of a used neighborhood electric vehicle that is  
36 purchased or leased on or after January 1, 2000.

37           B. Except as provided in subsection M of this section, the amount of  
38 the credit is equal to the following:

39           1. For a new low emission vehicle twelve thousand pounds or less gross  
40 vehicle weight, the greatest of the following:

41           (a) Thirty per cent of the manufacturer's base retail price of the  
42 vehicle, excluding incremental costs, or the actual purchase price of the  
43 vehicle, whichever is less.

44           (b) Five thousand dollars.

1           2. For a used low emission vehicle twelve thousand pounds or less  
2 gross vehicle weight, fifteen per cent of the cost or two thousand five  
3 hundred dollars, whichever is more.

4           3. For a new ultralow or inherently low emission vehicle, the greatest  
5 of the following:

6           (a) Forty per cent of the manufacturer's base retail price of the  
7 vehicle, excluding incremental costs, or the actual purchase price of the  
8 vehicle, whichever is less.

9           (b) Seven thousand five hundred dollars.

10          4. For a used ultralow or inherently low emission vehicle, twenty per  
11 cent of the cost or three thousand seven hundred fifty dollars, whichever is  
12 more.

13          5. For a new zero or super ultralow emission vehicle, the greatest of  
14 the following:

15          (a) Fifty per cent of the manufacturer's base retail price of the  
16 vehicle, excluding incremental costs, or the actual purchase price of the  
17 vehicle, whichever is less.

18          (b) Ten thousand dollars.

19          6. For a used zero emission vehicle:

20          (a) That is purchased, twenty-five per cent of the cost or five  
21 thousand dollars, whichever is more.

22          (b) That is leased, twenty-five per cent of the cost or two thousand  
23 five hundred dollars, whichever is more.

24          7. For a new low emission vehicle over twelve thousand pounds gross  
25 vehicle weight, the greatest of the following:

26          (a) Thirty per cent of the manufacturer's base retail price of the  
27 vehicle, excluding incremental costs, or the actual purchase price of the  
28 vehicle, whichever is less. The manufacturer's base retail price and the  
29 actual purchase price do not include any attachment not associated with the  
30 operation of the vehicle.

31          (b) Thirty thousand dollars.

32          8. For a used low emission vehicle over twelve thousand pounds gross  
33 vehicle weight, fifteen per cent of the cost, excluding any attachment not  
34 associated with the operation of the vehicle, or fifteen thousand dollars,  
35 whichever is more.

36          9. For conversion of a vehicle over twelve thousand pounds gross  
37 vehicle weight, the greatest of the following:

38          (a) Thirty per cent of the original manufacturer's base retail price  
39 of the vehicle, excluding incremental costs, or the actual purchase price of  
40 the vehicle, whichever is less. The manufacturer's base retail price and the  
41 actual purchase price do not include any attachment not associated with the  
42 operation of the vehicle.

43          (b) Thirty thousand dollars.

1        10. For purchase of a converted vehicle over twelve thousand pounds  
2 gross vehicle weight, fifteen per cent of the cost or fifteen thousand  
3 dollars, whichever is more.

4        11. For conversion of any other vehicle the greatest of the following:

5            (a) Thirty per cent of the original manufacturer's base retail price  
6 of the vehicle, excluding incremental costs, or the actual purchase price of  
7 the vehicle, whichever is less.

8            (b) Five thousand dollars.

9            (c) The amount of the tax credit prescribed in paragraph 3 or 4 of  
10 this subsection if the taxpayer can demonstrate that the converted vehicle  
11 qualifies as an ultralow or inherently low emission vehicle.

12            (d) The amount of the tax credit prescribed in paragraph 5 or  
13 paragraph 6, subdivision (a) of this subsection if the taxpayer can  
14 demonstrate that the converted vehicle qualifies as a zero or super ultralow  
15 emission vehicle.

16        12. For purchase of any other converted vehicle, fifteen per cent of  
17 the cost or two thousand five hundred dollars, whichever is more.

18        13. Notwithstanding any other paragraph of this subsection, for a new  
19 neighborhood electric vehicle that is purchased on or after July 1, 2000,  
20 fifty per cent of the cost of the vehicle or one thousand dollars, whichever  
21 is more. In order to qualify for a tax credit pursuant to this paragraph, a  
22 taxpayer shall certify on forms provided by the department that the vehicle  
23 has not been, and will not be, used on a golf course, except for use as a  
24 maintenance vehicle for a golf course. If a tax credit is taken for a  
25 vehicle pursuant to this paragraph and the vehicle is used on a golf course  
26 other than as a maintenance vehicle, the tax credit is subject to recapture  
27 by the department, and the taxpayer is subject to a civil penalty of one  
28 thousand dollars. Civil penalties collected pursuant to this paragraph shall  
29 be deposited in the Arizona clean air fund established by section ~~41-1516~~  
30 49-411.

31        14. Notwithstanding any other provision of this subsection, for a used  
32 conventionally fueled vehicle that is converted to operate on alternative  
33 fuel, the cost of conversion.

34        C. Except as provided in subsection L of this section, a tax credit  
35 is allowed pursuant to subsection B, paragraphs 1 through 8 and 13 of this  
36 section only if the vehicle is certified to meet the United States  
37 environmental protection agency emission standards for the particular type  
38 of vehicle for which the credit is claimed as prescribed by 40 Code of  
39 Federal Regulations section 88.104-94 or 88.105-94.

40        D. In order to qualify for a tax credit pursuant to subsection B,  
41 paragraph 9 or 10 of this section, a motor home as defined in section 28-4301  
42 that is converted to use liquefied petroleum gas shall have a fuel tank for  
43 onboard storage of liquefied petroleum gas that holds at least thirty  
44 gallons.



1 E. In order to qualify for a tax credit pursuant to subsection B of  
2 this section or not be subject to recapture pursuant to subsection N of this  
3 section:

4 1. The vehicle shall be in the possession of the taxpayer before  
5 December 1, 2000 or the taxpayer shall have paid in full for the vehicle  
6 before December 1, 2000.

7 2. The taxpayer shall not transfer the vehicle to any person other  
8 than a member of the taxpayer's immediate family or a person who resides in  
9 the same household as the taxpayer for thirty-six months after the initial  
10 registration of the vehicle. This requirement does not apply if the vehicle  
11 is demolished or the taxpayer dies before the expiration of the thirty-six  
12 month period.

13 3. The vehicle shall be registered in this state for at least  
14 thirty-six months.

15 4. If the vehicle is a bi-fuel vehicle that operates on liquefied  
16 petroleum gas, the taxpayer shall provide evidence satisfactory to the  
17 department that at least fifty per cent of the fuel the vehicle uses is  
18 alternative fuel for thirty-six months from the date the vehicle is initially  
19 registered as an alternative fuel vehicle.

20 5. If the vehicle is a bi-fuel vehicle that operates on compressed  
21 natural gas, the taxpayer shall provide evidence satisfactory to the  
22 department that the vehicle uses the following percentages of alternative  
23 fuel for thirty-six months from the date the vehicle is initially registered  
24 as an alternative fuel vehicle:

25 (a) At least twenty-five per cent of the fuel the vehicle uses is  
26 alternative fuel for the first twelve months.

27 (b) At least thirty-three and one-third per cent of the fuel the  
28 vehicle uses is alternative fuel in the thirteenth through twenty-fourth  
29 months.

30 (c) At least fifty per cent of the fuel the vehicle uses is  
31 alternative fuel in the twenty-fifth through thirty-sixth months.

32 6. The vehicle complies with emissions inspection requirements for  
33 alternative fuel vehicles prescribed in title 49, chapter 3, article 5.

34 F. If a vehicle fails to comply with subsection E, paragraphs 2  
35 through 6 of this section or rules adopted by the department pursuant to  
36 subsection E, paragraphs 2 through 6 of this section, the department shall  
37 recapture the tax credit pursuant to subsection N of this section or disallow  
38 the tax credit for a taxable year. The director may relieve a taxpayer of  
39 requirements prescribed under subsection E, paragraphs 2 through 6 of this  
40 section if both of the following apply:

41 1. The taxpayer is unable to meet the requirement due to circumstances  
42 that would make the requirement unfair or inequitable to the particular  
43 taxpayer.

44 2. The taxpayer acted in good faith and the taxpayer intended to  
45 primarily propel the vehicle with alternative fuel.

1 G. If the allowable tax credit exceeds the taxes due under this title  
2 on the claimant's income, or if there are no taxes due under this title, the  
3 following apply:

4 1. If the vehicle is not a neighborhood electric vehicle, the taxpayer  
5 may elect to be paid a refund in the amount of the claim not used to offset  
6 taxes under this title in a single payment or in up to three annual  
7 installments. Refunds made pursuant to this paragraph are subject to setoff  
8 pursuant to section 42-1122. If the taxpayer elects to be paid in annual  
9 installments, the taxpayer is not entitled to receive interest on unpaid  
10 installments of the credit.

11 2. If the vehicle is a neighborhood electric vehicle, the amount of  
12 the credit not used to offset taxes under this title may be carried forward  
13 to the next five consecutive taxable years as a credit against subsequent  
14 years' income tax liability.

15 H. Except as provided in subsection L of this section, if a person  
16 purchases an alternative fuel vehicle and then leases the vehicle to another  
17 person, the lessor is not entitled to take a tax credit pursuant to this  
18 section for the purchase of the vehicle but may claim a share of the tax  
19 credit for the lease of the vehicle as provided in the lease agreement,  
20 except that the total amount claimed by the lessor and lessee shall not be  
21 more than the credit allowed pursuant to this section and a person who  
22 purchases an alternative fuel vehicle and then leases the vehicle to a  
23 governmental entity is entitled to take a tax credit pursuant to this section  
24 for the purchase of the vehicle.

25 1. Except as provided in subsections L and M of this section,  
26 notwithstanding subsection B of this section and if the vehicle is not a  
27 neighborhood electric vehicle:

28 1. If a person receives a grant pursuant to section ~~41-1516~~ 49-411 for  
29 the purchase of an alternative fuel vehicle or the conversion of a  
30 conventionally fueled vehicle to operate on alternative fuel, the tax credit  
31 pursuant to this section shall only be for the incremental cost of the  
32 purchase or conversion. This paragraph does not apply to a used  
33 conventionally fueled vehicle that is converted to operate on alternative  
34 fuel.

35 2. If the person applies for a grant pursuant to section ~~41-1516~~  
36 49-411 and submits to the department of revenue an affidavit issued by the  
37 department of commerce ENVIRONMENTAL QUALITY stating that monies are not  
38 available in the Arizona clean air fund for grants, that the person would  
39 qualify for a grant if monies were available in the fund and that the person  
40 is eligible for a tax credit pursuant to this section or section 43-1174, the  
41 person is eligible for a tax credit in the amount prescribed in this section  
42 plus the incremental cost of the purchase or conversion. This paragraph does  
43 not apply to a used conventionally fueled vehicle that is converted to  
44 operate on alternative fuel.

1 J. A husband and wife who file separate returns for a taxable year in  
2 which they could have filed a joint return may each claim only one-half of  
3 the tax credit that would have been allowed for a joint return.

4 K. Co-owners of a business, including partners in a partnership and  
5 shareholders of an S corporation as defined in section 1361 of the internal  
6 revenue code, may each claim only the pro rata share of the credit allowed  
7 under this section based on the ownership interest. The total of the credits  
8 allowed all such owners may not exceed the amount that would have been  
9 allowed for a sole owner of the business.

10 L. The credit provided by this section is not allowed for any of the  
11 following:

12 1. The purchase or lease of an alternative fuel vehicle that is made  
13 pursuant to a contract or purchase order entered into on or after October 20,  
14 2000.

15 2. The purchase or lease of an alternative fuel vehicle that is made  
16 on or after October 20, 2000 if the purchase or lease is not made pursuant  
17 to a contract or purchase order entered into by the taxpayer before October  
18 20, 2000.

19 3. Any expense incurred for conversion of a conventionally fueled  
20 vehicle to operate on alternative fuel that is made pursuant to a contract  
21 or purchase order entered into on or after October 20, 2000.

22 4. Any expense incurred for conversion of a conventionally fueled  
23 vehicle to operate on alternative fuel on or after October 20, 2000 if the  
24 expense is not incurred pursuant to a contract or purchase order entered into  
25 by the taxpayer before October 20, 2000.

26 M. The total amount of a tax credit allowed pursuant to this section  
27 or the total amount of a tax credit allowed pursuant to this section plus the  
28 amount of any grant provided pursuant to section ~~41-1516~~ 49-411 shall not be  
29 more than the amount the taxpayer actually paid for the vehicle.

30 N. The department shall calculate any recapture amount by multiplying  
31 the tax credit by the following percentages:

32 1. One hundred per cent if the date of the event that causes recapture  
33 is within the first full year after the date the vehicle was placed in  
34 service.

35 2. Sixty-six and two-thirds per cent if the date of the event that  
36 causes recapture is within the second full year after the date the vehicle  
37 was placed in service.

38 3. Thirty-three and one-third per cent if the date of the event that  
39 causes recapture is within the third full year after the date the vehicle was  
40 placed in service.

41 O. Section 42-2059 does not apply to compliance review pursuant to  
42 subsection E of this section.

43 P. For purposes of this section:

44 1. "Alternative fuel" has the same meaning prescribed in section  
45 215.

1           2. "Alternative fuel vehicle":

2           (a) Means a self-propelled vehicle that is registered and titled in  
3 this state for operation on the highways and that is primarily propelled by  
4 an alternative fuel.

5           (b) Includes neighborhood electric vehicles, bi-fuel vehicles and  
6 dedicated vehicles.

7           (c) Does not include any of the following:

8           (i) A golf cart as defined in section 28-101 unless the golf cart  
9 qualifies as a neighborhood electric vehicle.

10          (ii) A motorcycle, a motor driven cycle, a moped or an implement of  
11 husbandry as defined in section 28-101.

12          (iii) A motorized wheelchair as defined in section 28-601.

13          (iv) An electric bicycle.

14          (v) A vehicle, such as a forklift, that is not designed primarily for  
15 operation on highways.

16          (d) If the vehicle is powered by electricity, may include an onboard  
17 auxiliary motor that is designed and used to recharge batteries.

18          3. "Bi-fuel vehicle" means a vehicle that is capable of operating on  
19 both gasoline or an alternative fuel but does not include a vehicle that is  
20 capable of operating on a mixture of two or more fuel types.

21          4. "Dedicated vehicle" means a vehicle that is capable of operating  
22 only on a single alternative fuel.

23          5. "Gross vehicle weight" means the shipping weight of the vehicle  
24 issued by the primary manufacturer.

25          6. "Incremental cost" means the amount by which the cost of an  
26 alternative fuel vehicle exceeds the cost of the same model of conventionally  
27 fueled vehicle that is similarly equipped and for a zero emission vehicle is  
28 assumed to be ten thousand dollars or twenty-five per cent of the cost,  
29 whichever is more.

30          7. "Manufacturer's base retail price" means the lowest suggested  
31 retail price of the make and model of a new motor vehicle suggested by the  
32 manufacturer, excluding any amount paid for an item installed in the vehicle  
33 that was not identified in the dealer's wholesale invoice received from the  
34 vehicle manufacturer and that does not improve air quality in this state.

35          8. "Neighborhood electric vehicle" means a motor vehicle that has  
36 alternative fuel vehicle special plates or an alternative fuel vehicle  
37 sticker issued pursuant to section 28-2416 and that meets the standards  
38 prescribed in 49 Code of Federal Regulations section 571.500, except that,  
39 if a vehicle is designed to be operated at speeds of twenty miles per hour  
40 or less, the vehicle is not required to have a seventeen digit vehicle  
41 identification number.

42          9. "New":

43          (a) Except as provided in subdivision (b) of this paragraph, means the  
44 vehicle was never registered and titled anywhere before its manufacture as  
45 an alternative fuel vehicle or conversion to operate on alternative fuel.

1 (b) Includes a vehicle that is converted after the vehicle is  
2 registered and titled if at the time the applicant contracted to purchase the  
3 vehicle the applicant ordered the conversion of the vehicle.

4 10. "Used" means any vehicle other than a new vehicle.

5 Sec. 8. Section 43-1086.02, Arizona Revised Statutes, is amended to  
6 read:

7 43-1086.02. Credit for alternative fuel delivery systems;  
8 definitions

9 A. Except as provided in subsection I of this section, for taxable  
10 years beginning after December 31, 1997, a credit against taxes imposed by  
11 this title is allowed to each taxpayer who incurs construction costs or  
12 operating costs during the taxable year for constructing or operating an  
13 alternative fuel delivery system in this state that is capable of dispensing  
14 an alternative fuel to an alternative fuel vehicle. A tax credit is allowed  
15 pursuant to this section only for construction or operating costs of an  
16 alternative fuel delivery system if a contract for construction was entered  
17 into before October 20, 2000 and construction actually began before November  
18 9, 2000. A credit for operating costs shall not be allowed after November  
19 9, 2000.

20 B. The amount of the credit is equal to the following:

21 1. For an alternative fuel delivery system that is accessible to the  
22 general public or for an alternative fuel delivery system that is dispensing  
23 a renewable fuel, one hundred per cent of the costs incurred up to a maximum  
24 of four hundred thousand dollars. A taxpayer may take a credit pursuant to  
25 this paragraph for each variation of alternative fuel type dispensed through  
26 the alternative fuel delivery system.

27 2. For an alternative fuel delivery system that does not satisfy  
28 paragraph 1 of this subsection, fifty per cent of the costs incurred up to  
29 a maximum of two hundred thousand dollars. A taxpayer may take a credit  
30 pursuant to this paragraph for each variation of alternative fuel type  
31 dispensed through the alternative fuel delivery system.

32 C. If the allowable tax credit exceeds the taxes due under this title  
33 on the claimant's income, or if there are no taxes due under this title, the  
34 taxpayer may elect to be paid a refund in the amount of the claim not used  
35 to offset taxes under this title in a single payment or in up to three annual  
36 installments. Refunds made pursuant to this subsection are subject to setoff  
37 pursuant to section 42-1122. If the taxpayer elects to be paid in annual  
38 installments, the taxpayer is not entitled to interest on unpaid installments  
39 of the credit.

40 D. If a tax credit is allowed pursuant to this section for an  
41 alternative fuel delivery system located at a fueling station, the price of  
42 the alternative fuel sold from the alternative fuel delivery system shall be  
43 included on the standardized sign that contains the price of other fuels sold  
44 at the fueling station. The department of commerce energy office shall  
45 design these signs, including the alternative fuel logo for these signs.

1 Notwithstanding any other law and because the legislature finds it a matter  
2 of statewide concern, these signs shall be uniform throughout the state and  
3 local ordinances, rules or laws are preempted for design, placement, size,  
4 type and height.

5 E. A husband and wife who file separate returns for a taxable year in  
6 which they could have filed a joint return may each claim only one-half of  
7 the tax credit that would have been allowed for a joint return.

8 F. If the taxpayer enters into a lease agreement for the alternative  
9 fuel delivery system, the lessor may claim a share of the tax credit allowed  
10 under this section as provided in the lease agreement, except that the total  
11 amount claimed by the lessor and lessee shall not be more than the tax credit  
12 allowed under this section.

13 G. Co-owners of a business, including partners in a partnership and  
14 shareholders of an S corporation as defined in section 1361 of the internal  
15 revenue code, may each claim only the pro rata share of the credit allowed  
16 under this section based on the ownership interest. The total of the credits  
17 allowed all such owners may not exceed the amount that would have been  
18 allowed for a sole owner of the business.

19 H. A person who receives a grant pursuant to section ~~41-1516~~ 49-411  
20 is not eligible to claim a credit pursuant to this section for the amount of  
21 the grant. Except as provided in subsection I of this section, if the cost  
22 of the alternative fuel delivery system exceeds the amount of the grant, a  
23 person may claim a credit for the amount in excess of the amount of the grant  
24 not to exceed the limits imposed by this section.

25 I. The credit provided by this section is not allowed for either:

26 1. Construction costs or operating costs of an alternative fuel  
27 delivery system that are made pursuant to a contract entered into on or after  
28 October 20, 2000.

29 2. Construction costs or operating costs of an alternative fuel  
30 delivery system that are incurred on or after October 20, 2000 if the costs  
31 are not incurred pursuant to a contract entered into by the taxpayer before  
32 October 20, 2000.

33 ~~J. No later than November 13, 2000, each person who provides~~  
34 ~~construction or operating services to alternative fuel delivery systems shall~~  
35 ~~provide information to the department of commerce, in a form determined by~~  
36 ~~the department of commerce in consultation with the department of revenue,~~  
37 ~~that is necessary to administer this program and to determine the full extent~~  
38 ~~to which taxpayers are potentially eligible for tax credits pursuant to this~~  
39 ~~section. The information shall include all costs described in subsection I~~  
40 ~~of this section on or after January 1, 2000 through October 19, 2000 but~~  
41 ~~shall not include any cancellations that occur before November 13, 2000. The~~  
42 ~~department of commerce shall send a notice to each person known to the~~  
43 ~~department to be required to provide information pursuant to this subsection.~~  
44 ~~The department of commerce and the department of revenue shall keep~~  
45 ~~confidential any social security numbers, other assigned taxpayer~~

1 ~~identification numbers or telephone numbers provided in the information~~  
2 ~~required pursuant to this section. For the purposes of this subsection, the~~  
3 ~~department of commerce is exempt from the rule making requirements of title~~  
4 ~~41, chapter 6.~~

5 ~~K.~~ J. Section 42-2059 does not apply to compliance review pursuant  
6 to this section.

7 ~~L.~~ K. For the purposes of this section:

8 1. "Alternative fuel" has the same meaning prescribed in section  
9 1-215.

10 2. "Alternative fuel delivery system" has the same meaning prescribed  
11 in section ~~41-1516~~ 49-411.

12 3. "Alternative fuel vehicle" has the same meaning prescribed in  
13 section 43-1086.

14 4. "Construction costs" means those costs associated with the  
15 construction of an alternative fuel delivery system.

16 5. "Operating costs" means those costs directly associated with the  
17 dispensing of alternative fuel through an alternative fuel delivery system  
18 plus a reasonable charge for overhead functions. Operating costs do not  
19 include any expenses directly or indirectly associated with the dispensing  
20 of gasoline or diesel fuel or the sale of items at retail not connected with  
21 the dispensing of alternative fuels.

22 6. "Renewable fuel" means electricity or solar energy.

23 Sec. 9. Section 43-1174, Arizona Revised Statutes, is amended to read:

24 43-1174. Credit for alternative fuel vehicles; definitions

25 A. Except as provided in subsection K of this section, for taxable  
26 years ending on or before December 31, 2001, a credit against taxes imposed  
27 by this title is allowed to each taxpayer who applies for a grant pursuant  
28 to section ~~41-1516~~ 49-411 unless the vehicle is a neighborhood electric  
29 vehicle and who does any of the following:

30 1. Purchases or leases one or more new original equipment manufactured  
31 alternative fuel vehicles for use in this state.

32 2. Incurs expenses during the taxable year for converting one or more  
33 conventionally fueled vehicles for use in this state to operate on an  
34 alternative fuel.

35 3. On or before June 30, 2000, purchases or leases, for a period of  
36 at least one year, one or more used alternative fuel vehicles for use in this  
37 state, except that a tax credit is not allowed pursuant to this section for  
38 the purchase or lease of a used neighborhood electric vehicle that is  
39 purchased or leased on or after January 1, 2000.

40 B. Except as provided in subsection L of this section, the amount of  
41 the credit is equal to the following:

42 1. For a new low emission vehicle twelve thousand pounds or less gross  
43 vehicle weight, the greatest of the following:

1 (a) Thirty per cent of the manufacturer's base retail price of the  
2 vehicle, excluding incremental costs, or the actual purchase price of the  
3 vehicle, whichever is less.

4 (b) Five thousand dollars.

5 2. For a used low emission vehicle twelve thousand pounds or less  
6 gross vehicle weight, fifteen per cent of the cost or two thousand five  
7 hundred dollars, whichever is more.

8 3. For a new ultralow or inherently low emission vehicle, the greatest  
9 of the following:

10 (a) Forty per cent of the manufacturer's base retail price of the  
11 vehicle, excluding incremental costs, or the actual purchase price of the  
12 vehicle, whichever is less.

13 (b) Seven thousand five hundred dollars.

14 4. For a used ultralow or inherently low emission vehicle, twenty per  
15 cent of the cost or three thousand seven hundred fifty dollars, whichever is  
16 more.

17 5. For a new zero or super ultralow emission vehicle, the greatest of  
18 the following:

19 (a) Fifty per cent of the manufacturer's base retail price of the  
20 vehicle, excluding incremental costs, or the actual purchase price of the  
21 vehicle, whichever is less.

22 (b) Ten thousand dollars.

23 6. For a used zero emission vehicle:

24 (a) That is purchased, twenty-five per cent of the cost or five  
25 thousand dollars, whichever is more.

26 (b) That is leased, twenty-five per cent of the cost or two thousand  
27 five hundred dollars, whichever is more.

28 7. For a new low emission vehicle over twelve thousand pounds gross  
29 vehicle weight, the greatest of the following:

30 (a) Thirty per cent of the manufacturer's base retail price of the  
31 vehicle, excluding incremental costs, or the actual purchase price of the  
32 vehicle, whichever is less. The manufacturer's base retail price and the  
33 actual price do not include any attachment not associated with the operation  
34 of the vehicle.

35 (b) Thirty thousand dollars.

36 8. For a used low emission vehicle over twelve thousand pounds gross  
37 vehicle weight, fifteen per cent of the cost, excluding any attachment not  
38 associated with the operation of the vehicle, or fifteen thousand dollars,  
39 whichever is more.

40 9. For conversion of a vehicle over twelve thousand pounds gross  
41 vehicle weight, the greatest of the following:

42 (a) Thirty per cent of the original manufacturer's base retail price  
43 of the vehicle, excluding incremental costs, or the actual purchase price of  
44 the vehicle, whichever is less. The manufacturer's base retail price and the



1 actual price do not include any attachment not associated with the operation  
2 of the vehicle.

3 (b) Thirty thousand dollars.

4 10. For purchase of a converted vehicle over twelve thousand pounds  
5 gross vehicle weight, fifteen per cent of the cost or fifteen thousand  
6 dollars, whichever is more.

7 11. For conversion of any other vehicle the greatest of the following:

8 (a) Thirty per cent of the original manufacturer's base retail price  
9 of the vehicle, excluding incremental costs, or the actual purchase price of  
10 the vehicle, whichever is less.

11 (b) Five thousand dollars.

12 (c) The amount of the tax credit prescribed in paragraph 3 or 4 of  
13 this subsection if the taxpayer can demonstrate that the converted vehicle  
14 qualifies as an ultralow or inherently low emission vehicle.

15 (d) The amount of the tax credit prescribed in paragraph 5 or  
16 paragraph 6, subdivision (a) of this subsection if the taxpayer can  
17 demonstrate that the converted vehicle qualifies as a zero or super ultralow  
18 emission vehicle.

19 12. For purchase of any other converted vehicle, fifteen per cent of  
20 the cost or two thousand five hundred dollars, whichever is more.

21 13. Notwithstanding any other paragraph of this subsection, for a new  
22 neighborhood electric vehicle that is purchased on or after July 1, 2000,  
23 fifty per cent of the cost of the vehicle or one thousand dollars, whichever  
24 is more. In order to qualify for a tax credit pursuant to this paragraph, a  
25 taxpayer shall certify on forms provided by the department that the vehicle  
26 has not been, and will not be, used on a golf course, except for use as a  
27 maintenance vehicle for a golf course. If a tax credit is taken for a  
28 vehicle pursuant to this paragraph and the vehicle is used on a golf course  
29 other than as a maintenance vehicle, the tax credit is subject to recapture  
30 by the department, and the taxpayer is subject to a civil penalty of one  
31 thousand dollars. Civil penalties collected pursuant to this paragraph shall  
32 be deposited in the Arizona clean air fund established by section 41-1516  
33 49-411.

34 14. Notwithstanding any other provision of this subsection, for a used  
35 conventionally fueled vehicle that is converted to operate on alternative  
36 fuel, the cost of conversion.

37 C. Except as provided in subsection K of this section, a tax credit  
38 is allowed pursuant to subsection B, paragraphs 1 through 8 and 13 of this  
39 section only if the vehicle is certified to meet the United States  
40 environmental protection agency emission standards for the particular type  
41 of vehicle for which the credit is claimed as prescribed by 40 Code of  
42 Federal Regulations section 88.104-94 or 88.105-94.

43 D. In order to qualify for a tax credit pursuant to subsection B,  
44 paragraph 9 or 10 of this section, a motor home as defined in section 28-4301  
45 that is converted to use liquefied petroleum gas shall have a fuel tank for

1 onboard storage of liquefied petroleum gas that holds at least thirty  
2 gallons.

3 E. In order to qualify for a tax credit pursuant to subsection B of  
4 this section or not be subject to recapture pursuant to subsection M of this  
5 section:

6 1. The vehicle shall be in the possession of the taxpayer before  
7 December 1, 2000 or the taxpayer shall have paid in full for the vehicle  
8 before December 1, 2000.

9 2. The taxpayer shall not transfer the vehicle to any person other  
10 than a member of the taxpayer's immediate family or a person who resides in  
11 the same household as the taxpayer for thirty-six months after the initial  
12 registration of the vehicle. This requirement does not apply if the vehicle  
13 is demolished or the taxpayer dies before the expiration of the thirty-six  
14 month period.

15 3. The vehicle shall be registered in this state for at least  
16 thirty-six months.

17 4. If the vehicle is a bi-fuel vehicle that operates on liquefied  
18 petroleum gas, the taxpayer shall provide evidence satisfactory to the  
19 department that at least fifty per cent of the fuel the vehicle uses is  
20 alternative fuel for thirty-six months from the date the vehicle is initially  
21 registered as an alternative fuel vehicle.

22 5. If the vehicle is a bi-fuel vehicle that operates on compressed  
23 natural gas, the taxpayer shall provide evidence satisfactory to the  
24 department that the vehicle uses the following percentages of alternative  
25 fuel for thirty-six months from the date the vehicle is initially registered  
26 as an alternative fuel vehicle:

27 (a) At least twenty-five per cent of the fuel the vehicle uses is  
28 alternative fuel for the first twelve months.

29 (b) At least thirty-three and one-third per cent of the fuel the  
30 vehicle uses is alternative fuel in the thirteenth through twenty-fourth  
31 months.

32 (c) At least fifty per cent of the fuel the vehicle uses is  
33 alternative fuel in the twenty-fifth through thirty-sixth months.

34 6. The vehicle complies with emissions inspection requirements for  
35 alternative fuel vehicles prescribed in title 49, chapter 3, article 5.

36 F. If a vehicle fails to comply with subsection E, paragraphs 2  
37 through 6 of this section or rules adopted by the department pursuant to  
38 subsection E, paragraphs 2 through 6 of this section, the department shall  
39 recapture the tax credit pursuant to subsection M of this section or disallow  
40 the tax credit for a taxable year. The director may relieve a taxpayer of  
41 requirements prescribed under subsection E, paragraphs 2 through 6 of this  
42 section if both of the following apply:

43 1. The taxpayer is unable to meet the requirement due to circumstances  
44 that would make the requirement unfair or inequitable to the particular  
45 taxpayer.

2. The taxpayer acted in good faith and the taxpayer intended to primarily propel the vehicle with alternative fuel.

G. If the allowable tax credit exceeds the taxes due under this title on the claimant's income, or if there are no taxes due under this title, the following apply:

1. If the vehicle is not a neighborhood electric vehicle, the taxpayer may elect to be paid a refund in the amount of the claim not used to offset taxes under this title in a single payment or in up to three annual installments. Refunds made pursuant to this paragraph are subject to setoff pursuant to section 42-1122. If the taxpayer elects to be paid in annual installments, the taxpayer is not entitled to receive interest on unpaid installments of the credit.

2. If the vehicle is a neighborhood electric vehicle, the amount of the credit not used to offset taxes under this title may be carried forward to the next five consecutive taxable years as a credit against subsequent years' income tax liability.

H. Except as provided in subsection K of this section, if a person purchases an alternative fuel vehicle and then leases the vehicle to another person, the lessor is not entitled to take a tax credit pursuant to this section for the purchase of the vehicle but may claim a share of the tax credit for the lease of the vehicle as provided in the lease agreement, except that the total amount claimed by the lessor and lessee shall not be more than the credit allowed pursuant to this section and a person who purchases an alternative fuel vehicle and then leases the vehicle to a governmental entity is entitled to take a tax credit pursuant to this section for the purchase of the vehicle.

I. Except as provided in subsections K and L of this section, notwithstanding subsection B of this section and if the vehicle is not a neighborhood electric vehicle:

1. If a person receives a grant pursuant to section ~~41-1516~~ 49-411 for the purchase of an alternative fuel vehicle or the conversion of a conventionally fueled vehicle to operate on alternative fuel, the tax credit pursuant to this section shall only be for the incremental cost of the purchase or conversion. This paragraph does not apply to a used conventionally fueled vehicle that is converted to operate on alternative fuel.

2. If the person applies for a grant pursuant to section ~~41-1516~~ 49-411 and submits to the department of revenue an affidavit issued by the department of commerce ENVIRONMENTAL QUALITY stating that monies are not available in the Arizona clean air fund for grants, that the person would qualify for a grant if monies were available in the fund and that the person is eligible for a tax credit pursuant to this section or section 43-1086, the person is eligible for a tax credit in the amount prescribed in this section plus the incremental cost of the purchase or conversion. This paragraph does

1 not apply to a used conventionally fueled vehicle that is converted to  
2 operate on alternative fuel.

3 J. Co-owners of a business, including corporate partners in a  
4 partnership, may each claim only the pro rata share of the credit allowed  
5 under this section based on the ownership interest. The total of the credits  
6 allowed all such owners may not exceed the amount that would have been  
7 allowed for a sole owner of the business.

8 K. The credit provided by this section is not allowed for any of the  
9 following:

10 1. The purchase or lease of an alternative fuel vehicle that is made  
11 pursuant to a contract or purchase order entered into on or after October 20,  
12 2000.

13 2. The purchase or lease of an alternative fuel vehicle that is made  
14 on or after October 20, 2000, if the purchase or lease is not made pursuant  
15 to a contract or purchase order entered into by the taxpayer before October  
16 20, 2000.

17 3. Any expense incurred for conversion of a conventionally fueled  
18 vehicle to operate on alternative fuel that is made pursuant to a contract  
19 or purchase order entered into on or after October 20, 2000.

20 4. Any expense incurred for conversion of a conventionally fueled  
21 vehicle to operate on alternative fuel on or after October 20, 2000, if the  
22 expense is not incurred pursuant to a contract or purchase order entered into  
23 by the taxpayer before October 20, 2000.

24 L. The total amount of a tax credit allowed pursuant to this section  
25 or the total amount of a tax credit allowed pursuant to this section plus the  
26 amount of any grant provided pursuant to section ~~41-1516~~ 49-411 shall not be  
27 more than the amount the taxpayer actually paid for the vehicle.

28 M. The department shall calculate any recapture amount by multiplying  
29 the tax credit by the following percentages:

30 1. One hundred per cent if the date of the event that causes recapture  
31 is within the first full year after the date the vehicle was placed in  
32 service.

33 2. Sixty-six and two-thirds per cent if the date of the event that  
34 causes recapture is within the second full year after the date the vehicle  
35 was placed in service.

36 3. Thirty-three and one-third per cent if the date of the event that  
37 causes recapture is within the third full year after the date the vehicle was  
38 placed in service.

39 N. Section 42-2059 does not apply to compliance review pursuant to  
40 subsection E of this section.

41 O. For purposes of this section:

42 1. "Alternative fuel" has the same meaning prescribed in section

43 1-215.  
44 2. "Alternative fuel vehicle", "bi-fuel vehicle", "gross vehicle  
45 weight", "incremental cost", "manufacturer's base retail price",

1 "neighborhood electric vehicle", "new" and "used" have the same meaning  
2 prescribed in section 43-1086.

3 Sec. 10. Section 43-1174.02, Arizona Revised Statutes, is amended to  
4 read:

5 43-1174.02. Credit for alternative fuel delivery systems;  
6 definitions

7 A. Except as provided in subsection H of this section, for taxable  
8 years beginning after December 31, 1997, a credit against taxes imposed by  
9 this title is allowed to each taxpayer who incurs construction costs or  
10 operating costs during the taxable year for constructing or operating an  
11 alternative fuel delivery system in this state that is capable of dispensing  
12 an alternative fuel to an alternative fuel vehicle. A tax credit is allowed  
13 pursuant to this section only for construction or operating costs of an  
14 alternative fuel delivery system if a contract for construction was entered  
15 into before October 20, 2000 and construction actually began before November  
16 9, 2000. A credit for operating costs shall not be allowed after November  
17 9, 2000.

18 B. The amount of the credit is equal to the following:

19 1. For an alternative fuel delivery system that is accessible to the  
20 general public or for an alternative fuel delivery system that is dispensing  
21 a renewable fuel, one hundred per cent of the costs incurred up to a maximum  
22 of four hundred thousand dollars. A taxpayer may take a credit pursuant to  
23 this paragraph for each variation of alternative fuel type dispensed through  
24 the alternative fuel delivery system.

25 2. For an alternative fuel delivery system that does not satisfy  
26 paragraph 1 of this subsection, fifty per cent of the costs incurred up to  
27 a maximum of two hundred thousand dollars. A taxpayer may take a credit  
28 pursuant to this paragraph for each variation of alternative fuel type  
29 dispensed through the alternative fuel delivery system.

30 C. If the allowable tax credit exceeds the taxes due under this title  
31 on the claimant's income, or if there are no taxes due under this title, the  
32 taxpayer may elect to be paid a refund in the amount of the claim not used  
33 to offset taxes under this title in a single payment or in up to three  
34 installments. Refunds made pursuant to this subsection are subject to setoff  
35 pursuant to section 42-1122. If the taxpayer elects to be paid in annual  
36 installments, the taxpayer is not entitled to receive interest on unpaid  
37 installments of the credit.

38 D. If a tax credit is allowed pursuant to this section for an  
39 alternative fuel delivery system located at a fueling station, the price of  
40 the alternative fuel sold from the alternative fuel delivery system shall be  
41 included on the standardized sign that contains the price of other fuels sold  
42 at the fueling station. The department of commerce energy office shall  
43 design these signs, including the alternative fuel logo for these signs.  
44 Notwithstanding any other law and because the legislature finds it a matter  
45 of statewide concern, these signs shall be uniform throughout the state and

1 local ordinances, rules or laws are preempted for design, placement, size,  
2 type and height.

3 E. If the taxpayer enters into a lease agreement for the alternative  
4 fuel delivery system, the lessor may claim a share of the tax credit allowed  
5 under this section as provided in the lease agreement, except that the total  
6 amount claimed by the lessor and lessee shall not be more than the credit  
7 allowed under this section.

8 F. Co-owners of a business, including corporate partners in a  
9 partnership, may each claim only the pro rata share of the credit allowed  
10 under this section based on the ownership interest. The total of the credits  
11 allowed all such owners may not exceed the amount that would have been  
12 allowed for a sole owner of the business.

13 G. A person who receives a grant pursuant to section 41-1516 49-411  
14 is not eligible to claim a credit pursuant to this section for the amount of  
15 the grant. Except as provided in subsection H of this section, if the cost  
16 of the alternative fuel delivery system exceeds the amount of the grant, a  
17 person may claim a credit for the amount in excess of the amount of the grant  
18 not to exceed the limits imposed by this section.

19 H. The credit provided by this section is not allowed for either:

20 1. Construction costs or operating costs of an alternative fuel  
21 delivery system that are made pursuant to a contract entered into on or after  
22 October 20, 2000.

23 2. Construction costs or operating costs of an alternative fuel  
24 delivery system that are incurred on or after October 20, 2000 if the costs  
25 are not incurred pursuant to a contract entered into by the taxpayer before  
26 October 20, 2000.

27 ~~I. No later than November 13, 2000, each person who provides~~  
28 ~~construction or operating services to alternative fuel delivery systems shall~~  
29 ~~provide information to the department of commerce, in a form determined by~~  
30 ~~the department of commerce in consultation with the department of revenue,~~  
31 ~~that is necessary to administer this program and to determine the full extent~~  
32 ~~to which taxpayers are potentially eligible for tax credits pursuant to this~~  
33 ~~section. The information shall include all costs described in subsection H~~  
34 ~~of this section on or after January 1, 2000 through October 19, 2000 but~~  
35 ~~shall not include any cancellations that occur before November 13, 2000. The~~  
36 ~~department of commerce shall send a notice to each person known to the~~  
37 ~~department required to provide information pursuant to this subsection. The~~  
38 ~~department of commerce and the department of revenue shall keep confidential~~  
39 ~~any social security numbers, other assigned taxpayer identification numbers~~  
40 ~~or telephone numbers provided in the information required pursuant to this~~  
41 ~~section. For the purposes of this subsection, the department of commerce is~~  
42 ~~exempt from the rule making requirements of title 41, chapter 6.~~

43 ~~I.~~ I. Section 42-2059 does not apply to compliance review pursuant  
44 to this section.

45 K. J. For the purposes of this section:

1           1. "Alternative fuel" has the same meaning prescribed in section  
2 1-215.

3           2. "Alternative fuel delivery system" has the same meaning prescribed  
4 in section ~~41-1516~~ 49-411.

5           3. "Alternative fuel vehicle" has the same meaning prescribed in  
6 section 43-1086.

7           4. "Construction costs" means those costs associated with the  
8 construction of an alternative fuel delivery system.

9           5. "Operating costs" means those costs directly associated with the  
10 dispensing of alternative fuel through an alternative fuel delivery system  
11 plus a reasonable charge for overhead functions. Operating costs do not  
12 include any expenses directly or indirectly associated with the dispensing  
13 of gasoline or diesel fuel or the sale of items at retail not connected with  
14 the dispensing of alternative fuels.

15           6. "Renewable fuel" means electricity or solar energy.

16           Sec. 11. Section 41-1516, Arizona Revised Statutes, is transferred and  
17 renumbered for placement in title 49, chapter 3, article 1, Arizona Revised  
18 Statutes, as section 49-411 and, as so renumbered, is amended to read:

19           49-411. Arizona clean air fund; purposes; penalties; report;  
20 definition

21           A. The Arizona clean air fund is established consisting of the  
22 following:

23           1. Monies appropriated by the legislature.

24           2. Any monies that are appropriated to state agencies for alternative  
25 fuel vehicles or conversion of conventional vehicles to operate on  
26 alternative fuels and that have not been spent by the state agency at the end  
27 of each fiscal year.

28           3. Monies collected pursuant to section 49-543, subsection B, except  
29 that beginning on January 1, 2001 until the contract entered into pursuant  
30 to section 49-545 and in effect on April 28, 2000 expires, the department  
31 shall deposit, pursuant to sections 35-146 and 35-147, sixteen dollars  
32 eighty-one cents of the fee collected pursuant to section 49-543, subsection  
33 B in area A as defined in section 49-541 and two dollars fifty-one cents of  
34 the fee collected pursuant to section 49-543, subsection B in area B as  
35 defined in section 49-541 in the emissions inspection fund established by  
36 section 49-544 for the purpose of reducing the emissions inspection fees  
37 prescribed pursuant to section 49-543, subsection A.

38           4. Monies from the state lottery fund pursuant to section 5-522,  
39 subsection A, paragraph 4.

40           5. Monies deposited pursuant to sections 28-737, 28-876, 28-2416,  
41 43-1086 and 43-1174.

42           6. Any other monies received through gifts, grants and donations.

43           B. The director shall administer the fund.

44           C. Monies in the fund may be used for administrative costs incurred  
45 by the department in administering the programs prescribed by this section.

1 Except as provided in subsections D and G of this section, the department  
2 shall use fifty per cent of the monies deposited in the fund in fiscal year  
3 2000-2001 to provide grants to persons for purchasing alternative fuel  
4 vehicles, converting conventionally fueled vehicles to operate on an  
5 alternative fuel or retrofitting alternative fuel vehicles.

6 ~~D. The time periods prescribed in subsection C of this section are~~  
7 ~~rolling time periods and begin whenever monies are deposited in the fund.~~  
8 Neighborhood electric vehicles as defined in section 43-1086 are not eligible  
9 for grants pursuant to subsection C of this section. A grant provided  
10 pursuant to subsection C of this section for the purchase of an alternative  
11 fuel vehicle or the conversion of a conventionally fueled vehicle to operate  
12 on alternative fuel shall be in an amount that is equal to the amount of the  
13 tax credit prescribed in section 43-1086, subsection B or 43-1174,  
14 subsection B. The department of commerce ENVIRONMENTAL QUALITY shall  
15 promptly notify the department of revenue of persons who have received a  
16 grant pursuant to subsection C of this section and the amount of the grant.  
17 If monies are not available for grants to persons pursuant to subsection C  
18 of this section, the department of commerce ENVIRONMENTAL QUALITY shall  
19 provide the eligible person with an affidavit stating that monies are not  
20 available in the fund for grants, that the person would qualify for a grant  
21 if monies were available in the fund and that the person is eligible for a  
22 tax credit pursuant to section 43-1086 or 43-1174. The department of  
23 commerce shall not provide grants pursuant to subsection C of this section  
24 in a calendar year after the month in which the motor vehicle division  
25 reports to the department as provided in section 43-1086 that the number of  
26 new alternative fuel vehicles, excluding neighborhood electric vehicles,  
27 vehicles registered pursuant to section 28-2511 and commercial vehicles,  
28 newly registered in this state in the current calendar year exceeds one per  
29 cent of the total number of motor vehicles registered in this state in the  
30 previous calendar year. If grants are not provided in a calendar year based  
31 on a motor vehicle division report pursuant to section 43-1086, the  
32 restriction only applies to the remainder of that calendar year. If a person  
33 who applies for a grant pursuant to subsection C of this section submits a  
34 purchase order and proof of at least a ten per cent down payment on an  
35 alternative fuel vehicle, conversion or retrofit or a bill of sale for an  
36 alternative fuel vehicle, conversion or retrofit at the time of application,  
37 the department shall secure monies for a grant for that person until the  
38 person completes the transaction if the transaction is completed within one  
39 year. In order to qualify for a grant pursuant to subsection C of this  
40 section or a tax credit pursuant to section 43-1086 or 43-1174, a person  
41 shall apply for a grant pursuant to subsection C of this section no later  
42 than one year after the person purchases, converts or retrofits an  
43 alternative fuel vehicle.

44 E. No later than June 30, 2003, the department shall use monies in the  
45 fund to provide grants for up to seventy-five per cent of the reasonable



1 costs of natural gas delivery systems. The department shall review and  
2 determine the reasonableness of the costs of the delivery systems in  
3 determining the amounts and recipients of the grants. These grants shall be  
4 provided to private entities to install and operate natural gas delivery  
5 systems that are accessible to the general public at the private entities'  
6 existing motor vehicle fueling stations. These grants shall be provided for  
7 not more than five natural gas delivery systems in area A as defined in  
8 section 49-541, not more than two natural gas delivery systems in area B as  
9 defined in section 49-541, and one natural gas delivery system in Casa  
10 Grande. A recipient of a grant pursuant to this subsection shall not charge  
11 for natural gas provided from a delivery system installed and operated under  
12 the grant more than the following amounts over the recipient's cost of the  
13 natural gas:

14 1. Fifteen cents per gallon to cover the cost of compression,  
15 including electricity, maintenance and wear and tear.

16 2. An additional fifteen cents per gallon as profit.

17 F. If a grant is awarded pursuant to this section for a natural gas  
18 delivery system located at a fueling station, the price of the alternative  
19 fuel sold shall be included on the standardized sign that contains the price  
20 of other fuels sold at the fueling station. The department of commerce  
21 energy office shall design these signs, including the alternative fuel logo  
22 for these signs. Notwithstanding any other law and because the legislature  
23 finds it a matter of statewide concern, these signs shall be uniform  
24 throughout the state and local ordinances, rules or laws are preempted for  
25 design, placement, size, type and height.

26 G. Except as provided in subsections E, H, I and J of this section,  
27 the department shall not provide grants or affidavits to any person who  
28 enters into a contract or signs a purchase order for any of the following on  
29 or after October 20, 2000:

30 1. The purchase of an alternative fuel vehicle as defined in section  
31 43-1086.

32 2. The conversion of a conventionally fueled vehicle to operate on an  
33 alternative fuel.

34 3. The retrofitting of an alternative fuel vehicle.

35 4. The purchase and installation of an alternative fuel delivery  
36 system for use on an individual's, small business' or nonprofit corporation's  
37 property in this state.

38 5. Alternative fuel delivery system construction or modification.

39 H. The department shall award grants for the conversion of diesel  
40 vehicles to operate on alternative fuel if all of the following conditions  
41 are met:

42 1. The vehicle has a gross vehicle weight rating of at least nineteen  
43 thousand five hundred pounds.

44 2. The vehicle is not a recreational vehicle as defined in section  
45 28-3102.

1           3. The vehicle is registered in this state.

2           4. The grant recipient signs a statement, under penalty of perjury,  
3 that it is the recipient's intent that the vehicle will be registered in this  
4 state for at least three years from the date the vehicle is registered as an  
5 alternative fuel vehicle and that the recipient intends to operate the  
6 vehicle more than fifty per cent of the time in area A as defined in section  
7 49-541 or area B as defined in section 49-541.

8           5. No income tax credit can be claimed for the vehicle pursuant to  
9 section 43-1086 or 43-1174.

10          6. The vehicle is subject to section 28-4032, subsection A.

11          I. Grants shall be awarded pursuant to subsection H of this section  
12 in an amount equal to the lesser of the following:

13           1. The cost of conversion.

14           2. Thirty thousand dollars.

15          J. Each fiscal year the aggregate total of grants awarded pursuant to  
16 subsections H and I of this section shall not exceed six million five hundred  
17 thousand dollars. If an applicant meets the eligibility requirements  
18 prescribed in subsection H of this section and the conversion of a diesel  
19 fuel vehicle is documented by a contract or purchase order entered into by  
20 the applicant, the department shall award grants pursuant to subsections H  
21 and I of this section in the order of the date of the contract or purchase  
22 order entered into by the applicant. If there is a situation in which  
23 applicants have contracts or purchase orders with the same date and the grant  
24 money is insufficient to provide grants to all of the applicants, grants  
25 recipients shall be determined by a random selection method as prescribed in  
26 rules. The department shall prepare and make available a form for applicants  
27 who intend to apply for a grant.

28          K. Notwithstanding subsection H, paragraph 6 of this section, the  
29 director may award grants pursuant to subsections H, I and J of this section  
30 for the conversion of school buses and municipal vehicles that otherwise meet  
31 the requirements of subsection H of this section.

32          L. Any person who violates the requirements of subsection H of this  
33 section is subject to a civil penalty that equals the amount of the grant  
34 received for the vehicle that is the subject of the violation plus one  
35 thousand dollars. The attorney general shall enforce this subsection.

36          M. The director shall report annually to the legislature on the status  
37 of the Arizona clean air fund including a report on the expenditures from the  
38 fund pursuant to this section. The report shall be submitted to the  
39 president of the senate and the speaker of the house of representatives no  
40 later than September 1 of each year.

41          N. Monies in the Arizona clean air fund are exempt from the provisions  
42 of section 35-190 relating to the lapsing of appropriations. On notice from  
43 the department of commerce, the state treasurer shall invest and divest  
44 monies in the fund as provided by section 35-313, and monies earned from  
45 investment shall be credited to the fund.

0. For purposes of this section, "natural gas delivery system" means any facility that provides for the fueling of compressed natural gas or liquefied natural gas vehicles.

## Sec. 12. Transfer and renumber

Section 41-1516.01, Arizona Revised Statutes, is transferred and renumbered for placement in title 49, chapter 3, article 1, Arizona Revised Statutes, as section 49-412.

Sec. 13. Section 41-1517, Arizona Revised Statutes, is transferred and renumbered for placement in title 49, chapter 3, article 1, Arizona Revised Statutes, as section 49-413 and, as so renumbered, is amended to read:

49-413. Clean burning alternative fuels; public refueling

The department of commerce energy office shall pursue the establishment of a network of public refueling stations so that members of the public have access throughout the state to alternative fuels as a major goal.

Sec. 14. Section 49-474.01, Arizona Revised Statutes, is amended to read:

49-474.01. Additional board duties in vehicle emissions control areas; definitions

A. The board of supervisors of a county which contains any portion of area A or area B as defined in section 49-541 shall:

1. In area A, in consultation with the designated metropolitan planning organization, synchronize traffic control signals on all existing and new roadways, within the unincorporated area and at jurisdictional boundaries, which have a traffic flow exceeding fifteen thousand motor vehicles per day.

2. In area A, beginning on January 1, 2000, develop and implement plans to stabilize targeted unpaved roads, alleys and unpaved shoulders on targeted arterials. The plans shall address the performance goals, the criteria for targeting roads, alleys and arterials, a schedule for implementation, funding options and reporting requirements.

3. In area A acquire or utilize vacuum systems or other dust removal technology to reduce the particulates attributable to conventional crack sealing operations as existing equipment is retired.

4. In area B synchronize traffic control signals on roadways with a traffic flow exceeding fifteen thousand motor vehicles per day.

5. Implement adjusted work hours for at least eighty-five per cent of county employees in area A each year beginning October 1 and ending April 1 in order to reduce the level of carbon monoxide concentrations caused by vehicular travel.

B. The board of supervisors of a county that contains any portion of area A as defined in section 49-541 shall make and enforce ordinances consistent with the provisions of section 49-588 to reduce or encourage the reduction of the commuter use of motor vehicles by employees of the county and employees whose place of employment is within area A.

1 C. The board of supervisors in a county that contains any portion of  
2 area A shall develop and implement a vehicle fleet plan for the purpose of  
3 encouraging and progressively increasing the use of alternative fuels and  
4 clean burning fuels in county owned vehicles operating in area A. At a  
5 minimum, the alternative fuel vehicles shall comply with any one of the  
6 following:

7 1. The United States environmental protection agency standards for low  
8 emission vehicles pursuant to 40 Code of Federal Regulations section  
9 88.104-94 or 88.105-94.

10 2. The vehicle engine is certified by the engine modifier to meet the  
11 addendum to memorandum 1-A of the United States environmental protection  
12 agency, as printed in the federal register, volume 62, number 207, October  
13 27, 1997, pages 55635 through 55637.

14 3. The vehicle engine is the subject of a waiver for that specific  
15 engine application from the United States environmental protection agency's  
16 addendum to memorandum 1-A requirements and that waiver is documented to the  
17 reasonable satisfaction of the department of commerce energy office.

18 D. The plan shall include a timetable for increasing the use of  
19 alternative fuels and clean burning fuels in fleet vehicles either through  
20 purchase or conversion. The timetable shall reflect the following schedule  
21 and percentage of vehicles which operate on alternative fuels or clean  
22 burning fuels:

23 1. At least eighteen per cent of the total fleet by December 31, 1995.

24 2. At least twenty-five per cent of the total fleet by December 31,  
25 1996.

26 3. At least fifty per cent of the total fleet by December 31, 1998.

27 4. At least seventy-five per cent of the total fleet by December 31,  
28 2000 and each year thereafter.

29 E. The requirements of subsections C and D of this section may be  
30 waived on receipt of certification supported by evidence acceptable to the  
31 department that the county is unable to acquire or be provided equipment or  
32 refueling facilities necessary to operate vehicles using alternative fuels  
33 or clean burning fuels at a projected cost that is reasonably expected to  
34 result in net costs of no greater than ten per cent more than the net costs  
35 associated with the continued use of conventional gasoline or diesel fuels  
36 measured over the expected useful life of the equipment or facilities  
37 supplied. Applications for waivers shall be filed with the department of  
38 commerce energy office pursuant to section ~~41-1516.01~~ 49-412. An entity that  
39 receives a waiver pursuant to this section shall retrofit fleet heavy-duty  
40 diesel vehicles with a gross vehicle weight of eight thousand five hundred  
41 pounds or more, that were manufactured in or before model year 1993 and that  
42 are the subject of the waiver with a technology that is effective at reducing  
43 particulate emissions at least twenty-five per cent or more and that has been  
44 approved by the United States environmental protection agency pursuant to the

1 urban bus engine retrofit/rebuild program. The entity shall comply with the  
2 implementation schedule pursuant to section 49-555.

3 F. For the purpose of this section, "alternative fuel" and "clean  
4 burning fuel" have the same meaning prescribed in section 1-215.

5 Sec. 15. Section 49-543, Arizona Revised Statutes, as amended by Laws  
6 2001, chapter 324, section 52, is amended to read:

7 49-543. Emissions inspection costs; disposition; fleet  
8 inspection; certificates

9 A. The director shall fix, regulate and alter in accordance with this  
10 section the fees required to be paid for the full costs of the vehicle  
11 emissions inspection program pursuant to this article including  
12 administration, implementation and enforcement.

13 B. Except as provided in section 49-542.05, for all the emissions  
14 inspections prior to the sixth registration year after purchase or lease of  
15 a new vehicle, the owner of the vehicle shall do one of the following:

16 1. Have the vehicle inspected pursuant to this article.

17 2. Pay a twenty-five dollar fee in area A and a nine dollar fee in  
18 area B. The owner shall pay this fee together with the registration fee for  
19 the vehicle to the registering officer. The registering officer shall  
20 deposit, pursuant to sections 35-146 and 35-147, these fees in the Arizona  
21 clean air fund established by section ~~41-1516~~ 49-411. The registering  
22 officer may enter into an intergovernmental agreement with another department  
23 of this state to collect and deposit the fee. An owner who chooses to have  
24 an emissions inspection pursuant to this article is not required to pay the  
25 fee prescribed in this paragraph for that emissions test cycle.

26 C. Except as provided in section 49-542.05, the registration renewal  
27 notice required for the second through fifth registration year of a new  
28 vehicle shall include a notice to the vehicle owner that even though an  
29 emissions inspection test is not required pursuant to subsection B of this  
30 section the owner may choose to have an emissions inspection because of  
31 vehicle emissions performance warranty limitations on emissions components  
32 of the vehicle.

33 D. The fees charged for official emissions inspection shall be uniform  
34 as applied to each class of vehicle which shall be defined by the  
35 director. Except for fees collected by the director pursuant to section  
36 49-546, the inspection fees required to be paid pursuant to this article may  
37 be collected with the registration fee by the registering officer at the time  
38 and place of motor vehicle registration pursuant to title 28, chapter 7,  
39 article 5 and deposited, pursuant to sections 35-146 and 35-147, in the  
40 emissions inspection fund in accordance with the rules adopted by the  
41 director or may be collected by the independent contractor at the time of  
42 inspection by means of an approved check or cash.

43 E. Any person, except a person who has been issued a certificate of  
44 waiver pursuant to section 49-542, subsection L, whose vehicle has been  
45 inspected at an official emissions inspection station shall, if the vehicle

1 was not found to comply with the minimum standards, have the vehicle  
2 repaired, including recommended repair or replacement of emissions control  
3 devices as a result of tampering, and have the right within sixty consecutive  
4 calendar days but not thereafter to return the vehicle for one reinspection  
5 without charge. The department may provide for additional reinspections  
6 without charge. A vehicle shall not be deemed to pass a reinspection unless  
7 the tampering discovered during the tampering inspection is repaired with new  
8 or reconditioned emissions control devices.

9 F. The department shall issue certificates of inspection to owners of  
10 fleet emissions inspection stations. Each certificate shall be validated by  
11 the fleet emissions inspection stations in a manner required by the director  
12 at the time that each owner's fleet vehicle has been inspected or has passed  
13 inspection. The validated certificate of inspection shall indicate at the  
14 time of registration that the owner's fleet vehicle has been inspected and  
15 that the vehicle has passed inspection.

16 G. The director shall fix an emissions inspection fee before  
17 inspection certificates may be issued to the owner of any fleet emissions  
18 inspection station. Such fee shall be uniform for each inspection  
19 certificate issued and shall be based upon the director's estimated costs to  
20 the state of administering and enforcing the provisions of this article as  
21 they apply to fleet emissions inspection stations and the vehicles inspected  
22 in fleet emissions inspection stations. The director shall deposit, pursuant  
23 to sections 35-146 and 35-147, all such monies collected by the director  
24 pursuant to this article in the emissions inspection fund.

25 Sec. 16. Section 49-544, Arizona Revised Statutes, as amended by Laws  
26 2000, chapter 193, section 580, chapter 404, section 4 and chapter 405,  
27 section 36, is amended to read:

28 49-544. Emissions inspection fund; composition; authorized  
29 expenditures; exemptions; investment

30 A. An emissions inspection fund is established and is subject to  
31 legislative appropriation. The emissions inspection fund shall consist of:

- 32 1. Monies appropriated to the fund by the legislature.
- 33 2. All monies deposited pursuant to section ~~41-1516~~ 49-411.
- 34 3. All monies collected pursuant to section 49-543, subsection A.
- 35 4. All monies collected by the director for the issuance of inspection  
36 certificates to owners of fleet emissions inspection stations.
- 37 5. Monies received from private grants or donations when so designated  
38 by the grantor or donor.

39 6. Monies received from the United States by grant or otherwise to  
40 assist the state in any emissions inspection program.

41 B. Monies in the emissions inspection fund may be used for the  
42 following:

- 43 1. Enforcement of the provisions of this article related to fleet  
44 emissions inspections, exemptions, and certificates of waiver.

1           2. Payment of contractual charges to independent contractors pursuant  
2 to section 49-545.

3           3. Costs to the state of administering the emissions inspection  
4 services performed by the independent contractor, including inspection  
5 station auditing, contractor training and certification, and motorist  
6 assistance.

7           4. Funding the state's portion of the catalytic converter program  
8 costs prescribed by section 49-542.

9           5. Through June 30, 2005, conducting research studies to evaluate the  
10 feasibility and effectiveness of emission system control technologies,  
11 including the repair of vehicles participating in the studies.

12           6. If deposited pursuant to section ~~41-1516~~ 49-411, reducing the  
13 emissions inspection fees prescribed pursuant to section 49-543, subsection  
14 A.

15           7. Other costs of administering and enforcing the provisions of this  
16 article.

17           C. The department of environmental quality shall approve and provide  
18 for the payment of contractual charges to independent contractors and for  
19 enforcement of the provisions of this article related to fleet emissions  
20 inspections, exemptions and certificates of waiver.

21           D. Monies in the emissions inspection fund are exempt from the  
22 provisions of section 35-190, relating to lapsing of appropriations.

23           E. On notice from the department, the state treasurer shall invest and  
24 divest monies in the fund as provided by section 35-313, and monies earned  
25 from investment shall be credited to the fund.

26           Sec. 17. Section 49-551, Arizona Revised Statutes, as amended by Laws  
27 2001, chapter 229, section 2, is amended to read:

28           49-551. Air quality fee; air quality fund; purpose

29           A. Every person who is required to register a motor vehicle in this  
30 state pursuant to section 28-2153 shall pay, in addition to the registration  
31 fee, an annual air quality fee at the time of vehicle registration of one  
32 dollar fifty cents. Unless and until the United States environmental  
33 protection agency grants a waiver for diesel fuel pursuant to section  
34 211(c)(4) of the clean air act, every person who is required to register a  
35 diesel powered motor vehicle in this state with a DECLARED gross vehicle  
36 weight rating AS DEFINED IN SECTION 28-5431 of more than eight thousand five  
37 hundred pounds pursuant to ~~section 28-2153~~ and every person who is subject  
38 to an apportioned fee for diesel powered motor vehicles collected pursuant  
39 to title 28, chapter 7, articles 7 and 8 shall pay an additional apportioned  
40 diesel fee of ten dollars.

41           B. The registering officer shall collect the fees and immediately  
42 deposit, pursuant to sections 35-146 and 35-147, the air quality fees in the  
43 air quality fund established pursuant to subsection C of this section and  
44 shall deposit the diesel fees in the voluntary vehicle repair and retrofit  
45 program fund established pursuant to section 49-474.03.

1 C. An air quality fund is established consisting of monies received  
2 pursuant to this section, gifts, grants and donations, and monies  
3 appropriated by the legislature. The department of environmental quality  
4 shall administer the fund. Monies appropriated for purposes prescribed by  
5 paragraph 6- 5 of this subsection and gifts, grants and donations designated  
6 for purposes prescribed by paragraph 6- 5 of this subsection shall be  
7 accounted for in one separate account within the fund. Monies in the air  
8 quality fund shall be used, subject to legislative appropriation, for:

9 1. Air quality research, experiments and programs conducted by or for  
10 the department for the purpose of bringing area A or area B into attainment  
11 status, improving air quality in areas of this state outside area A or area  
12 B and reducing levels of particulate and ozone pollution both inside and  
13 outside of vehicle emissions control areas of this state.

14 ~~2. Funding the Arizona clean air fund established by section 41-1516.~~  
15 ~~The sum of two hundred fifty thousand dollars shall annually be transferred~~  
16 ~~to the fund.~~

17 ~~3. 2. Determining the cause of visual air pollution in counties with~~  
18 ~~a population of four hundred thousand persons or more according to the most~~  
19 ~~recent United States decennial census.~~

20 ~~4. 3. Conducting the hazardous air pollutants research program and~~  
21 ~~preparing the report as prescribed by section 49-426.08.~~

22 ~~5. 4. Developing and adopting rules in compliance with sections~~  
23 ~~49-426.03, 49-426.04, 49-426.05 and 49-426.06.~~

24 ~~6. 5. Conducting a public education program to reduce emissions of~~  
25 ~~ozone forming substances in cooperation with Maricopa county and other~~  
26 ~~affected parties, including private industries. To the extent possible, this~~  
27 ~~program shall be coordinated with other public and private efforts to~~  
28 ~~increase public awareness of air quality issues. In addition, the department~~  
29 ~~shall accelerate pollution prevention technical assistance efforts pursuant~~  
30 ~~to section 49-965, subsection A, paragraph 6. The department shall identify~~  
31 ~~sources that emit ozone forming substances and shall establish a~~  
32 ~~clearinghouse for information on the supply of products that may be used to~~  
33 ~~substitute for substances that contribute to ozone formation.~~

34 D. No disbursement or expenditure of monies in the air quality fund  
35 may be made for any purposes other than those set forth in subsections C, E  
36 and G of this section.

37 E. The department of environmental quality shall transfer four hundred  
38 thousand dollars from the air quality fund to the department of  
39 administration for the purposes prescribed by section 49-588 in eight  
40 installments in each of the first eight months of a fiscal year.

41 F. This section does not apply to an electrically powered golf cart  
42 or an electrically powered vehicle.

43 G. Monies in the fund do not revert to the general fund. The  
44 department may make grants to a regional planning agency, county, city or  
45 town located within a vehicle emissions control area or areas which have



1 achieved maintenance status for the purpose of air quality research or  
2 implementation of programs designed to accomplish the purposes of this  
3 section.

4 Sec. 18. Repeal

5 Section 49-551, Arizona Revised Statutes, as amended by Laws 2001,  
6 chapter 371, section 14, is repealed.

7 Sec. 19. Laws 2001, chapter 371, section 25 is amended to read:

8 Sec. 25. Eligibility for heavy-duty diesel grants; requirements

9 Notwithstanding section ~~41-1516~~ 49-411, Arizona Revised Statutes, as  
10 amended, TRANSFERRED AND RENUMBERED by this act, an applicant who documents  
11 to the satisfaction of the department of commerce that they had a contract  
12 or purchase order entered into before October 20, 2000 for the conversion or  
13 replacement of a diesel vehicle over nineteen thousand five hundred pounds  
14 gross vehicle weight rating to operate on alternative fuel is eligible for  
15 a grant from the Arizona clean air fund pursuant to section 41-1516, Arizona  
16 Revised Statutes, as amended by Laws 2000, seventh special session, chapter  
17 1, section 8, without meeting the criteria set forth in section ~~41-1516~~  
18 49-411, subsections H and K, Arizona Revised Statutes, as amended,  
19 TRANSFERRED AND RENUMBERED by this act. Grants pursuant to this section  
20 shall not exceed \$6,500,000. The department shall award grants in the order  
21 of the date of the contract or purchase order entered into by the  
22 applicant. If there is a situation in which applicants have contracts or  
23 purchase orders with the same date and the grant money is insufficient to  
24 provide grants to all of the applicants, grant recipients shall be determined  
25 by a random selection method as prescribed in rules. Applicants who do not  
26 receive a grant pursuant to this section remain eligible for a grant if they  
27 meet the requirements of section 41-1516, Arizona Revised Statutes, as  
28 amended by this act.

29 Sec. 20. Repeal

30 Laws 2001, chapter 371, section 28 is repealed.

31 Sec. 21. Delayed repeal

32 Section 49-411, Arizona Revised Statutes, as amended, transferred and  
33 renumbered by this act, is repealed from and after June 30, 2003.

34 Sec. 22. Retroactivity

35 Section 49-551, Arizona Revised Statutes, as amended by this act and  
36 section 5 of this act apply retroactively to from and after June 30, 2001.

APPROVED BY THE GOVERNOR MAY 21, 2002.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 22, 2002.

Passed the House March 26, 2002,

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

Passed the Senate April 30, 2002,

by the following vote: 26 Ayes,

0 Nays, 4 Not Voting

[Signature]  
President of the Senate

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

           day of           , 20  ,

at            o'clock            M.

            
Secretary to the Governor

Approved this            day of

          , 20  ,

at            o'clock            M.

            
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this            day of           , 20  ,

at            o'clock            M.

            
Secretary of State

H.B. 2099

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

May 16, 2002,

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

16 day of May, 2002

at 3:00 o'clock P M.

[Signature]  
Secretary to the Governor

Approved this 21 day of

May, 2002,

at 3:30 o'clock P M.

[Signature]  
Governor of Arizona

H.B. 2099

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 22 day of May, 2002,

at 12:13 o'clock P M.

[Signature]  
Secretary of State